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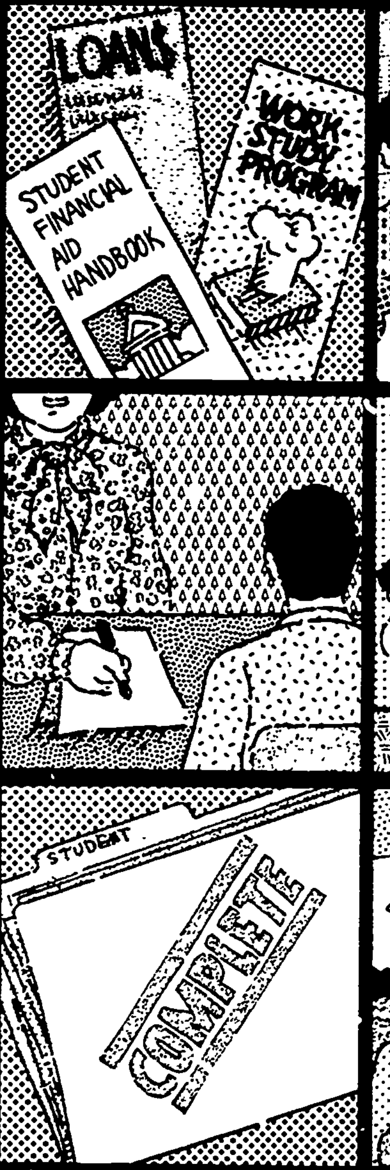
ABSTRACT

The eighth module in a 17-module self-instructional program on student financial aid administration (designed for novice student financial aid administrators and other personnel) focuses on need analysis. It provides an introduction to the management of federal financial aid programs authorized by the Higher Education Act Title IV. After completing the module, the user will be able to describe the historical development of need analysis and the origin of the Pell Grant and Congressional Methodology (CM) approaches, identify the similarities and differences between these two approaches, and describe the categories for independent students and dependent students. Information on need analysis includes the following: definition, principles, and history of need analysis; current need analysis procedures; dependency status; the formulas and their components; and recalculation and adjustment of the EFC by the financial aid administrator. A pre-test, post-test, glossary, and acronyms are included. The following appendixes are included: (1) case studies: need analysis using the Pell Grant and CM methodology formulas; (2) sample need analysis output documents (Student Aid Report, FAFNAR, and Family Financial Statement confirmation report/CFAR); (3) dependency override; (4) recalculating the Family Contribution for periods of enrollment other than 9 months; and (5) veterans educational benefits: treatment as a resource and estimated financial assistance. Tables are included. Contains five references. (SM)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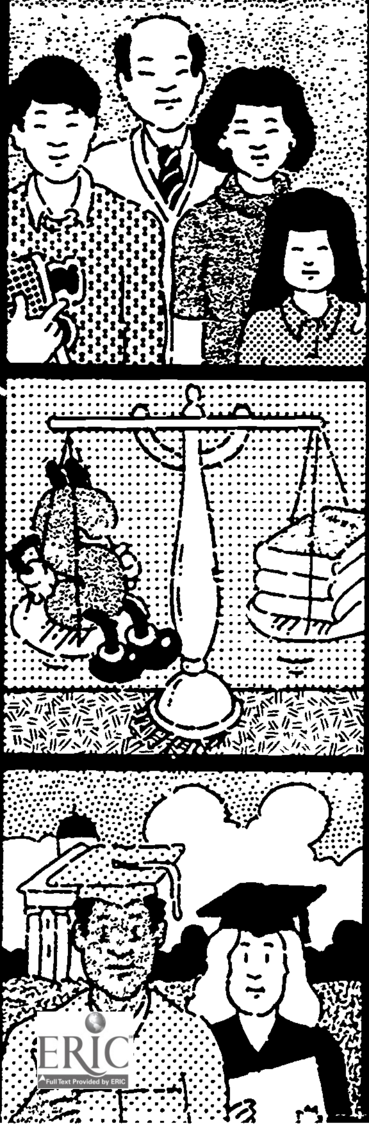

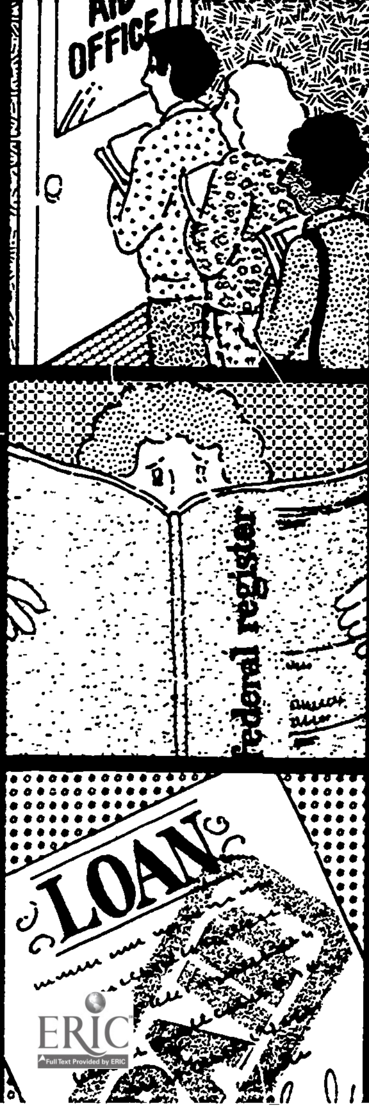
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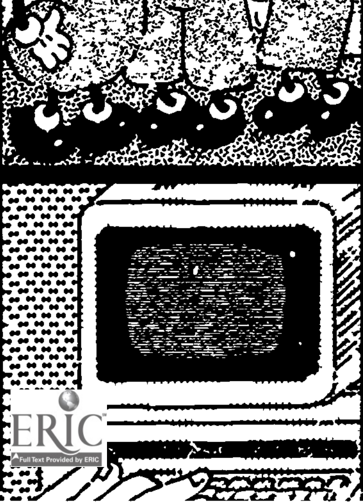

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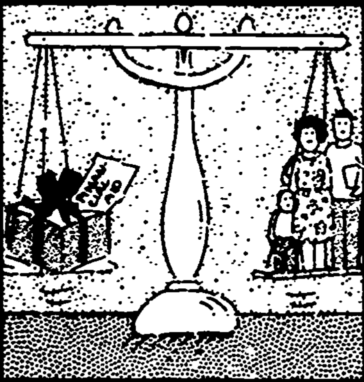

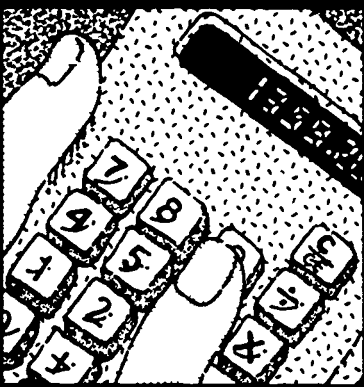

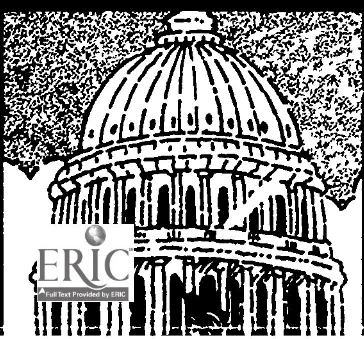

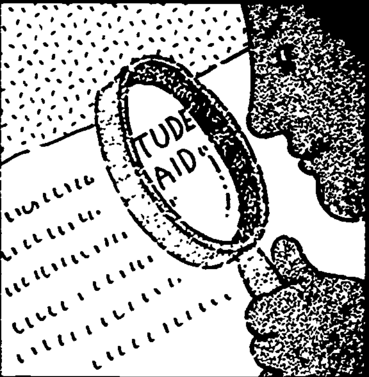
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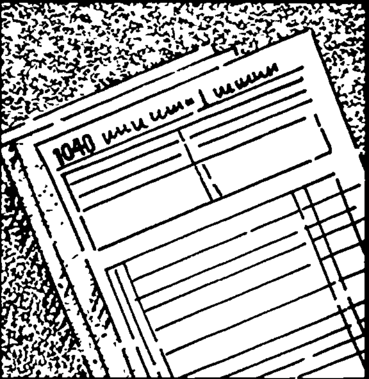
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This publication is one component of *A Self-Instructional Course in Student Financial Aid Administration*. This Second Edition of the course consists of the following modules:

1. Student Financial Aid Administration. Course Study Guide and Introduction to the Field
2. Federal Student Financial Aid: History and Current Sources
3. The Legislative and Regulatory Processes
4. Roles and Responsibilities of the Financial Aid Office
5. Title IV Institutional and Program Eligibility
6. General Student Eligibility
7. Calculating Cost of Attendance
8. Need Analysis
9. Award Packaging
10. The Pell Grant Program
11. The Stafford Loan, SLS, and PLUS Programs
12. Campus-Based Programs: SEOG, CWS, and Perkins Loan
13. Verification
14. Authorization, Fiscal Operations, and Reporting
15. Internal Aid Office Management and Institutional Quality Control
16. Forms and Publications
17. Evaluation of Student Aid Management. Self-Evaluation, Audit, and Program Review

The course includes a Support Booklet with the complete course glossary, acronyms, key resources, bibliography, and index, as well as addresses of publishers mentioned in the course. The Support Booklet also offers guidelines for further study.

UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D C 20202

October 1988

Dear Colleague:

We are pleased to present the Second Edition of A Self-Instructional Course in Student Financial Aid Administration. This updated version of the course originally published in 1986 incorporates provisions of the Higher Education Amendments of 1986, with 1987 Technical Amendments and subsequent amendments.

The purpose of the course remains the same. It is designed to provide neophyte financial aid administrators (those with two years or less experience in student aid) and other institutional personnel with a systematic introduction to management of federal financial aid programs authorized by Title IV of the Higher Education Act. Students of the course will gain a fundamental understanding of the roles and responsibilities of participating institutions and of student aid administrators. On completion of the course, they will be prepared to expand this knowledge with the use of training and reference materials, on-site training opportunities, and contacts with other members of the profession.

The materials were revised under a contract with the Washington Consulting Group. The text was reviewed for technical accuracy by many staff members of the Office of Student Financial Assistance (OSFA). Special acknowledgement is due to both project staff and OSFA specialists for accomplishing very wide-ranging modifications of the text during a period when much legislative and regulatory activity affecting student aid was in progress.

Your comments and suggestions regarding any aspect of the materials are welcome. OSFA is particularly interested in learning 1) the level of experience and job responsibilities of personnel at your institution using the modules; 2) the purposes for which they are being used (for example, self-study, training new staff, reference); and 3) whether you feel that this publication is among those that OSFA should continue to update and disseminate annually. You may send your comments to the Training Branch, OSFA/ED, 400 Maryland Avenue S.W., Washington, D.C. 20202.

Sincerely,

Dewey L. Newman
Deputy Assistant Secretary for
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Daniel R. Lau
Director, Student Financial
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Enclosure

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MODULE 8

NEED ANALYSIS

The technical information in this module
is based on laws, regulations, policies,
and procedures in effect as of:

August 20, 1988

This is one component of *A Self-Instructional Course in Student Financial Aid Administration.* This Second Edition of the course has been prepared by The Washington Consulting Group, Inc., under a contract with the U.S. Department of Education.

The course consists of 17 modules and a support booklet. It provides an introduction and guide to the administration of student financial aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. The titles of the modules are listed on the inside front cover of this publication.

Institutions may freely reproduce the course for their own use. For more information on the course, contact one of the Department of Education offices listed on the inside back cover of this publication.

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MODULE 8

NEED ANALYSIS

❑ LEARNING OBJECTIVES

After completing this module, you will recognize the central position of need analysis in the financial aid delivery system. Specifically, you will be able to:

- describe the historical development of need analysis and the origin of the Pell Grant and Congressional Methodology (CM) approaches to need analysis;
- identify the similarities and differences between the Congressional Methodology and Pell Grant need analysis methods and formulas;
- define the categories *dependent student* and *independent student*, and describe how to compute an expected family contribution for both types of students;
- list the current Multiple Data Entry (MDE) processors and describe the features of multiple data entry; and
- describe the ways the financial aid administrator interacts with the ED central processor, the MDE processors, and other certified need analysis system processors.

❑ INTRODUCTION

In this module some important threads introduced in our earlier discussions are tied together. Three underlying principles of the federal government's support for student aid programs–namely, the *primary responsibility of students and parents in funding educational costs*, the *determination of financial need*, and *equitable treatment of families' financial strength*--find practical application here. These general principles have been translated into a uniform approach that assesses a family's ability to pay for postsecondary education. This method is called need analysis.

During the history of the financial aid programs, there have been several different methods of need analysis. However, there are now only two methods for the Title IV programs, both specified by law–the Pell Grant formula and the Congressional Methodology (CM). While there are differences in how these methods assess a family's financial situation, both result in an expected family contribution.

Our discussion of need analysis systems should remind you of the basic calculation we introduced in Module 7:

Cost of Attendance - Expected Family Contribution = Financial Need

In Module 7, we examined the first half of this equation--calculating educational costs. Now we focus on the second half of the problem--calculating the expected family contribution.

An expected family contribution, or EFC, is the end product of both need analysis methods. The EFC is a measurement of the amount a family can be expected to contribute toward the cost of attendance at any institution, based on the family's income and assets. Understanding the two need analysis formulas--along with the history of their development and underlying economic principles--is an essential step in understanding the basic concepts of financial aid.

PRE-TEST

1. For independent students, the Pell Grant formula generally uses base-year income data, while the Congressional Methodology uses income data projected for the academic year. True or False?

2. *Dependency status* refers to: (circle the correct answer)
   a. whether the student has dependents of his or her own
   b. the student's dependence upon financial assistance to attend a given institution
   c. the student's relationship to a parent--residence with a parent, tax exemption status, and receipt of financial assistance from the parent

3. Students with family adjusted gross incomes of more than $25,000 in the base year preceding the award year are ineligible to borrow under the Stafford Loan program. True or False?

4. Circumstances *not* considered in the Pell Grant and Congressional Methodology need analysis formulas are: (circle any that apply)

   a. an institutional scholarship already awarded to the student
   b. consumer debts of the family
   c. medical expenses of the family
   d. home equity
   e. deductions on an income tax return

5. Complete this subtraction problem: **Cost of Attendance - Expected Family Contribution = ?**

   a. cost of education
   b. net cost of attendance
   c. available income
   d. financial need

6. Dependency status will determine whose financial information (*parents' and student's* or *student's*) and which formula (*dependent* or *independent* model) will be used by the central processor to determine an expected family contribution. True or False?

7. If a student is eligible for a Pell Grant: (circle all that apply)

   a. eligibility for other aid is unknown until further need has been determined
   b. the student will always be eligible for a Stafford Loan
   c. the student will always be eligible for a Stafford Loan; beyond that, we cannot say what the student will be eligible for until further need is determined
   d. the student will always be eligible for campus-based aid

8. *Multiple data entry* refers to: (circle all that apply)

   a. multiple submissions of an application form resulting from the need to correct data
   b. data collection for both the Pell Grant processor and a certified need analysis processor on a single financial aid form
   c. submission of data for two student applicants (members of the same family) on the same application form

9. Aid administrators may use either the Pell Grant SAI or the Congressional Methodology FC when determining a student's eligibility for a Stafford Loan, because the two formulas are interchangeable for this purpose. True or False?

10. Need analysis for awarding Title IV funds is based on the principle that:

    a. the institution bears the primary responsibility for paying for the cost of attendance of any student admitted to its program
    b. the federal government bears the primary responsibility for paying for the cost of attendance of an eligible student admitted to an institution of higher education
    c. parents and students bear the primary responsibility for paying for the cost of attendance at an institution

11. The term *base year* refers to: (circle the correct answer)

    a. the calendar year preceding the academic year (1987 for the 1988-89 academic year)
    b. the current academic year, or current period of attendance if this will be less than a complete academic year
    c. the calendar year which is 2 years before the student's enrollment (1986 for the 1988-89 academic year)

12. The term *need analysis*: (circle the correct answer)

    a. refers to one of the methods specified by law for determining student need for Title IV assistance
    b. refers to an overall determination of need for financial assistance
    c. refers to a mathematical formula used to determine an expected family contribution (EFC)
    d. may refer to any of the above

13. The Pell Grant SAI and the Congressional Methodology FC are both expected family contribution figures. True or False?

ANSWERS

1. False. (8.3.7)*
2. c. (8.5)
3. False. (8.3.7, 8.6.1)
4. a. and b. (8.6.1 and 8.6.2)
5. d. (8.1)
6. True. (8.5)
7. a. (8.3.7, 8.4)
8. b. (8.4)
9. False. (8.6.1)
10. c. (8.2)
11. a. (8.2)
12. d. (8.1, 8.4)
13. True. (8.6.1, 8.6.2)

*For quick access to information on this question, see this section.

Questions: 13 | Your Score: ____ | Percentage: ____

NEED ANALYSIS

8.1 DEFINITION OF NEED ANALYSIS

An important first step in discussing *need analysis* is to point out the different uses of the term that you may encounter. It is also important to identify the formulas that fall under the general heading of need analysis systems.

In its broadest sense, *need analysis* simply means estimating the amount of student aid a student will require to attend a particular postsecondary institution. The overall determination of financial need through the use of our formula:

COA - EFC = NEED

is a generally recognized use of the term need analysis.

COA = Cost of Attendance

EFC = Expected Family Contribution

Need Analysis: Another, narrower use of the term *need analysis* is a description of the mathematical calculation used to derive the expected family contribution.

COA - EFC = NEED

In this module, the term ***need analysis*** will generally mean the *measurement of a family's ability to contribute toward educational costs.*

This measurement of a family's ability to contribute toward educational costs becomes part of the equation that establishes the financial need figure. Our discussion will be devoted to this narrower usage of the term need analysis.

8.2 PRINCIPLES OF NEED ANALYSIS

The principles of need analysis include the underlying principles of federal student financial aid that we discussed in Module 2, and some additional ones based on economic factors.

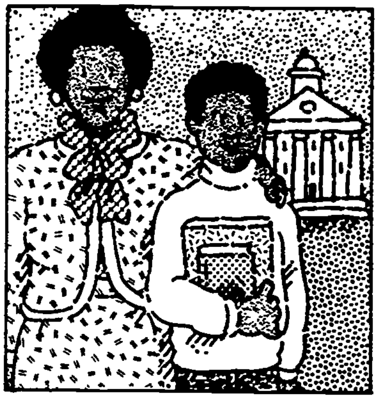
For more information on the history, goals, and major provisions of the Title IV programs, refer to Module 2, Federal Student Financial Aid: History and Current Sources.

Principle #1--To the extent that they are able, parents and students have the primary responsibility to pay for postsecondary education.

A primary purpose of the financial aid application form is to collect financial data needed to assess the family's financial strength.

- For an *independent* student, the form collects information on the student's (and spouse's) income and assets only. Parent income and asset information is generally not required for independent students.

- For the *dependent* student, income and asset information is collected from the parents, the student, and the student's spouse, if married. It is assumed that all these family members should contribute to college costs.



Principle #2--A family's financial strength is most accurately reflected in its annual income and assets; financial information must be collected and evaluated in a consistent and equitable manner. The results should be the same for families in similar situations.

Principle #3--Only the current financial situation of the family is considered.

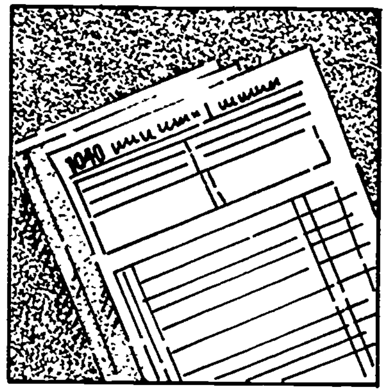
The best predictor of a family's financial situation during the period of study has proven to be data from the most recent calendar year. This is referred to as *base-year income* information. Since it is actual income, it is not subject to the error that may occur when families estimate their annual income.

Estimated parental and student income information for the next calendar year (*expected year income*)is collected *only* for those students, parents of dependent students, and students' spouses who qualify for special treatment. Some students and/or their parents may be eligible for the Dislocated Worker variants of the need analysis formulas. Other families may have extraordinary circumstances that must be taken into consideration.

Principle #4--Income and asset information used to estimate the family's ability to contribute should be verifiable.

Most applicants provide taxable income information from the most recent calendar year--the base-year income.

This information is verifiable through tax returns filed with the Internal Revenue Service. If the family had untaxed income and benefits (such as Social Security benefits or Railroad Retirement benefits), the amount received during the preceding 12 months can be verified through the sponsoring agency. Similarly, asset information should be from sources that can be verified by the aid administrator, if necessary.



Principle #5--Any method of need analysis should take into account the characteristics of the household.

Information is collected on household size, marital status, and the number of household members to be enrolled at least half-time in postsecondary education. The need analysis formulas take this information into consideration in calculating the expected family contribution.

Principle #6- A need analysis method should evaluate a family's ability to pay for postsecondary education after making realistic allowances for living expenses, other discretionary expenses, and protection of family resources for future expenses, such as retirement.

Principle #7--A need analysis method should be sensitive to special circumstances which affect the family's ability to contribute.

These principles are elements of the need analysis formulas we will examine. Allowances against income and assets recognize other expenses that reduce a family's ability to contribute to the cost of education. Changes in any of the major elements (for example, income and assets) of the formula due to changed family circumstances (for example, unusually large medical expenses, loss of employment, or death of a wage earner) may also affect the expected family contribution.

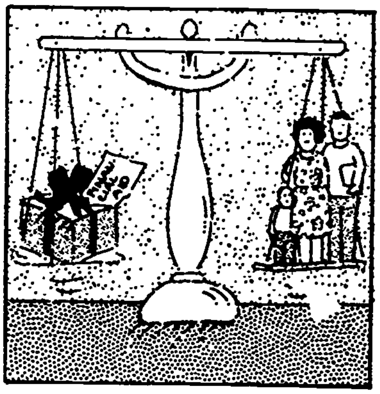
"Allowances" = "offsets"

8.3 HISTORY OF NEED ANALYSIS

The concept of awarding student aid on the basis of financial need actually predates the development of the major federal aid programs we work with today. Need has always been a concept underlying most scholarship assistance. The definition of financial need was established, however, by individual institutions on a case-by-case basis and was generally applied only to tuition costs.

The value of a more systematic method for determining financial need became apparent with the significant increase in the number of people enrolling in higher education after World War II.

8.3.1 Development of a Systematic Approach



A small group of colleges developed a consensus that financial need should be determined through a systematic, comparative measurement of family size, income, and assets in relation to educational costs. This consensus led to the founding of the College Board's College Scholarship Service (CSS). During the 1954-55 academic year, CSS began a centralized system of distributing forms for the collection of family financial information.

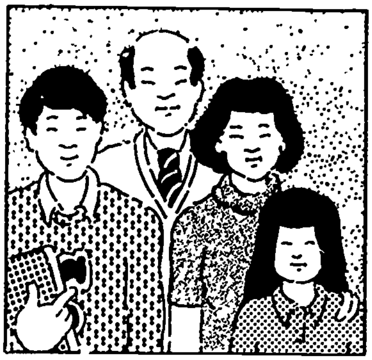
8.3.2 A Network of Service Agencies

The growth in available federal student aid dollars in the late 1950s hastened the development of a centralized system for evaluating need. By the early 1960s, the nationwide system that exists today was in place. Other service agencies and need analysis systems, such as the American College Testing Program (ACT) and the Graduate and Professional School Financial Aid Service (GAPSFAS), provided similar evaluation and computation services. The growing number of state scholarship and grant programs either developed their own forms and need analysis formulas or used existing service agencies.

In the past, different service agencies might use different systems and formulas for need analysis. *Today, the law provides for **only two methods** of need analysis for federal student financial aid:*

- the *Family Contribution Schedule (FCS)*, generally called the *Pell Grant formula*, for use in the Pell Grant program
- the *Congressional Methodology (CM)* for the campus-based, Stafford Loan, and SLS programs

8.3.3 Development of the Uniform Methodology



By the 1970s, there was concern over variations in the need analysis formulas which resulted in unequal treatment of families' financial resources. The need for a national standard of "ability to pay" was recognized. A National Task Force on Student Financial Aid Problems was formed to develop: (1) a common need analysis formula to calculate an expected family contribution, and (2) a common form to collect family financial data.

The participating organizations examined all of the existing systems. In 1975, one "uniform methodology" of need analysis was introduced. The service agencies used this Uniform Methodology (U.M.) to calculate an expected family contribution (EFC); and institutions used the expected family contribution to determine financial need and award federal campus-based and institutional need-based funds to students.

8.3.4 The Introduction of the Pell Grant Formula

The Pell Grant (formerly BEOG) program, which began in 1972, introduced several new concepts to financial aid. The program used a separate method of need analysis. The Pell Grant need analysis formula was designed to ensure consistent treatment of family financial circumstances for all applicants for this new program. The formula treated similar family circumstances in the same way, resulting in the same expected family contribution.

The Pell Grant program was known as the Basic Educational Opportunity Grant (BEOG) program until passage of the Higher Education Amendments of 1980.

At that time, financial aid administrators were *not* allowed to make documented adjustments to a student's need analysis for the Pell Grant program as they could in the Uniform Methodology process. Instead, a separate application was developed for reporting changed family circumstances, with the ED central processor performing the recalculation. The Family Contribution Schedules published as part of the Pell Grant formula also resulted in different family contributions, in some cases, than under the U.M. formula. This was because of the Pell Grant formula's more limited allowances, or offsets, against family income and assets.

8.3.5 MDE Processors

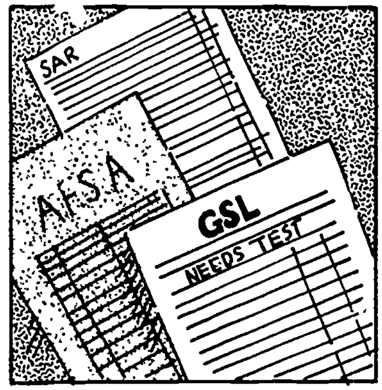
By the mid-1970s, students were in many cases required to complete several different forms to apply for various student aid programs--one form for the Pell Grant, another for campus-based aid, and, in some states, a third form for state grants and scholarships. This situation led to an agreement in 1977 between service agencies and the U.S. Office of Education to accept data collected on Uniform Methodology need analysis forms for use in Pell Grant need analysis. The service agency forms were redesigned to collect all the family information needed to calculate eligibility for the Pell Grant program as well as the data needed to calculate an expected family contribution based upon the Uniform Methodology. These processors became known as Multiple Data Entry (MDE) processors.

To simplify the application process further, several state agencies began to collect data for state grants and scholarships by using one of the existing need analysis service documents.

8.3.6 The GSL Needs Test

The Omnibus Budget Reconciliation Act of 1981 created a change in the need analysis situation for aid administrators. This legislation required Guaranteed Student Loan applicants with adjusted gross family incomes of more than $30,000 to show financial need for federally subsidized student loan funds.

The former Guaranteed Student Loan (GSL) program is now called the *Stafford Loan* program.



A GSL Needs Test was developed for applicants with family incomes between $30,001 and $75,000. GSL Family Contribution Schedules published annually in the *Federal Register* allowed the financial aid administrator to quickly calculate the family's EFC, so that these applicants' need for GSL loans could be determined without requiring them to complete a service agency's financial aid application. The GSL Needs Test is no longer in use.

8.3.7 Recent Changes, Including the Higher Education Amendments of 1986

The methods of need analysis have undergone some major changes with the passage of the Higher Education Amendments of 1986, as amended.

- All recipients of a Stafford Loan, regardless of family income, must now demonstrate financial need. A need analysis computation based on the Congressional Methodology must now be used to determine a student's EFC for the Stafford Loan program.

All applicants for an SLS loan must have their eligibility for a Pell Grant and a Stafford Loan determined before an SLS application may be certified.
Pub. L. 100-369.

- The law specifies details of two need analysis methods:
  - the *Family Contribution Schedule (FCS)*, generally called the *Pell Grant formula*, for use in the Pell Grant program
  - the *Congressional Methodology (CM)*, for use in the campus-based, Stafford Loan, and SLS programs

Both methods use base-year income data in the computation of the EFC.

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✧ There are two variants of the Pell Grant and Congressional Methodology formulas:

- the Regular formulas, including sub-variants for:
  --the Dislocated Worker, and
  --the Displaced Homemaker

- the Simplified Needs Test, an option for a student whose family has a total adjusted gross income of $15,000 or less *and who:*
  --*either* filed an IRS 1040A or 1040EZ
  --*or* did not and will not file a tax return

✧ The "Special Condition Application," formerly used to obtain a new EFC when certain family financial circumstances changed, is no longer in use. Instead, to allow for special circumstances, the aid administrator now has the authority to adjust the data elements, methodology, or product (end result) of the need analysis. Such adjustments must be directly related to the individual student's special circumstances and must be well documented in the student's file.

8.4 CURRENT NEED ANALYSIS PROCEDURES

Today, there are only two need analysis methods, with two basic formulas:

✧ the Pell Grant formula, which produces an expected family contribution called the Student Aid Index, or SAI, used in determining the amount of the Pell Grant

✧ the Congressional Methodology formula, which produces an FC, or (expected) family contribution, used for awarding in the campus-based, Stafford Loan, and SLS programs

There are two alternative application procedures for a student to obtain *both an official FC and an official SAI*:

✧ by submitting the Application for Federal Student Aid (AFSA) to the ED central processor; or

✧ by submitting an MDE application to an MDE processor.

Estimated and Official EFCs (SAIs and FCs)

If a student supplies incomplete data:
- the ED central processor will not calculate an EFC
- some processors (ACT, CSS, PHEAA) may calculate an *estimated EFC (SAI and FC)*

Estimated EFCs may be used only to estimate students' aid packages--*disbursements cannot be made based on estimated EFCs.*

The student can convert estimated EFCs (SAIs and FCs) to *official EFCs* by supplying complete or corrected data to the central processor using Part 2 of the SAR.

If only an FC is needed, an *official FC* may be determined by any need analysis system (NAS) certified by ED for the award year.

The Application for Federal Student Aid (AFSA) and the ED Central Processor

The student completes the AFSA and mails it to the Federal Student Aid Application Processing Center (the ED central processor). The ED processor calculates an expected family contribution, the SAI, which is used to determine the amount of the Pell Grant. The ED central processor also calculates an FC based on the Congressional Methodology formula. This can be used in determining need for the campus-based, Stafford Loan, and SLS programs. *The official FC and SAI calculated by the ED central processor will be identical with the FC and SAI calculated by an MDE processor using the same data.*

AFSA forms are sent to postsecondary institutions and secondary schools before application processing begins each year. ED mails a request form to participating postsecondary and secondary institutions for their use in ordering their initial supply of applications. Need analysis service agencies ship their application forms to postsecondary institutions that have previously used their services. Secondary schools are also provided with supplies of service agencies' forms.

Although MDE processors can produce *official SAIs*, only the *first* Pell disbursement can be based on an MDE official SAI. For subsequent disbursements, you must have the SAR with the official SAI.

MDE Applications and Processors

Four *need analysis processors* are under contract with the Department of Education as *multiple data entry (MDE) processors:*

- American College Testing Program (ACT)
- College Scholarship Service (CSS)
- Illinois State Scholarship Commission (ISSC)
- Pennsylvania Higher Education Assistance Agency (PHEAA)

The MDE system allows a student to use any of the four MDE processors' need analysis forms to apply at the same time for the Pell, campus-based, Stafford Loan, and SLS programs.

An institution generally specifies which need analysis document students should use to apply for the federal programs and for financial aid from the institution. In many states, the same application form is used to apply for state grant and scholarship programs. Students using an MDE processor's need analysis form to apply for the federal aid programs *must sign the authorization statement* on the form to enable the MDE processor to transfer data needed to determine Pell Grant eligibility to the ED central processor.

- MDE application forms require a *processing fee*. The AFSA application form is processed by the ED central processor at no charge. Institutions and students have the choice of using the AFSA or another need analysis service agency application.
- Processing applications for financial aid begins in the January preceding the award year and continues throughout the award year. The Pell Grant program *application deadline* is published each year. For the 1988-89 award year, the deadline for receipt of Pell Grant applications is May 1, 1989.

The central processor mails a report of Pell Grant eligibility, called the Student Aid Report (SAR), directly to the student. *The student must submit the SAR to the institution's financial aid office in order to receive a Pell Grant.*

Institutions may also receive need analysis data from processors on computer media, as with the electronic SAR.

A student may also receive a need analysis report containing an SAI and FC from an MDE or NAS processor. This report should also be submitted to the financial aid office.

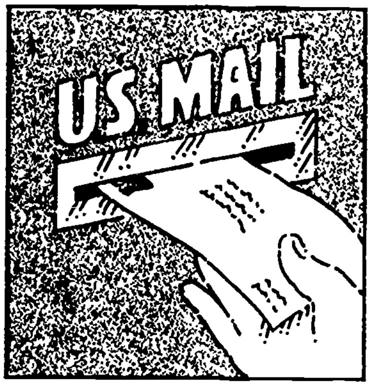
Certified Need Analysis Systems

Only the applicant's FC is needed for campus-based, Stafford Loan, and SLS awarding. *Official* FCs may be determined by any need analysis system (NAS) certified by ED for the award year. Need analysis servicers (service agencies) whose systems have been certified for 1988-89 were listed in the *Federal Register* in May 1988. Note that it is the *need analysis system* rather than the servicer that ED certifies.

There are four levels of NAS certification:

- Level 1--calculates the FC when the student provides complete application data (no edit checks)
- Level 2--calculates the FC and selects students for verification
- Level 3--calculates the FC and edits for incomplete or inconsistent data
- Level 4--calculates the FC, edits for incomplete or inconsistent data, and selects students for verification

8.4.1 Application Processing and Application Forms

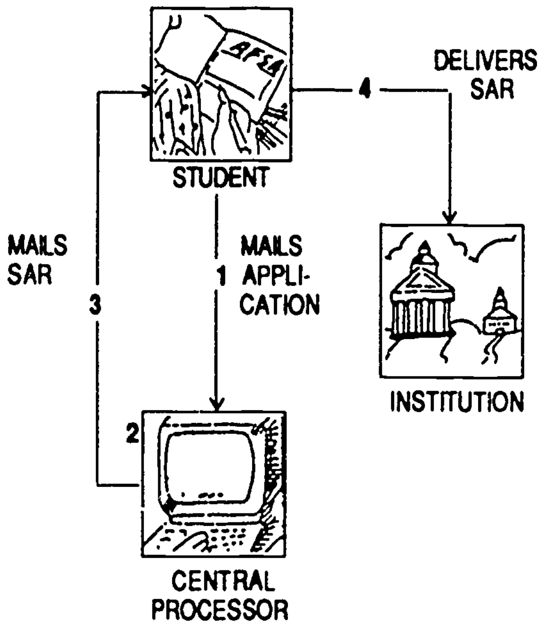


The basic processing steps for aid applications submitted through the ED central processor and MDE processors are compared in the diagram on the next page. The following six pages then show side one and side two of the most widely used financial aid application forms:

- ED's Application for Federal Student Aid (AFSA)
- ACT's Family Financial Statement (FFS)
- CSS's Financial Aid Form (FAF)

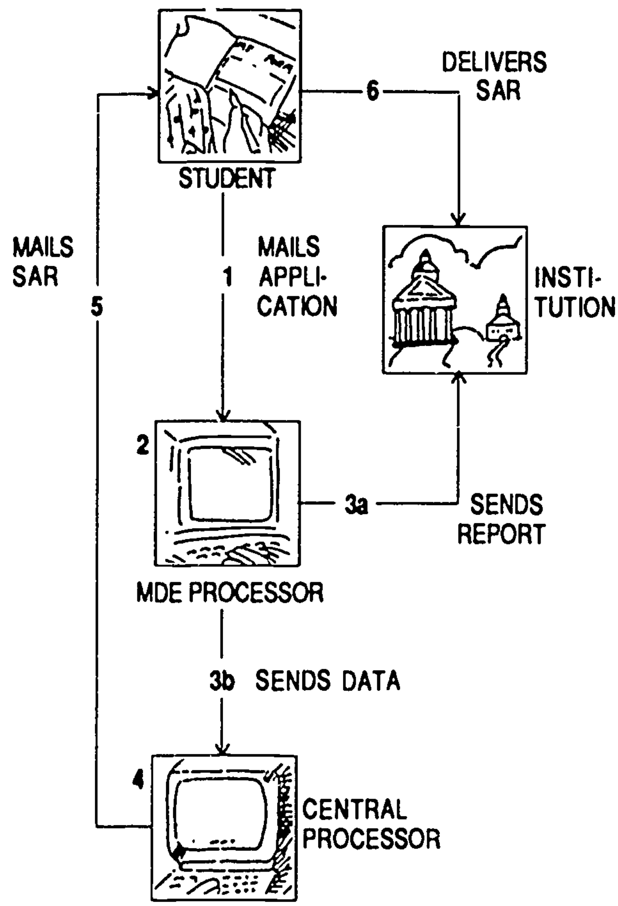
COMPARISON OF APPLICATION PROCESSING BY THE ED CENTRAL PROCESSOR AND MDE PROCESSORS

ED CENTRAL PROCESSOR



1. Student completes and mails the application form to the ED central processor.
2. Central processor calculates FC and SAI.
3. SAR mailed to the student.
4. SAR submitted to the institution by the student.

MDE PROCESSOR



1. Student completes and mails the application form to the MDE processor.
2. MDE processor calculates EFC and SAI.

3a. MDE processor sends need analysis report to institution(s) designated by the student.

3b. MDE processor sends data to the ED central processor.

4. Central processor calculates FC and SAI.
5. SAR mailed to the student.
6. SAR submitted to the institution by the student.

FORM APPROVED
OMB NO 1840-0110
APP EXP 6/30/88

Application for Federal Student Aid

School Year 1988-89

U S Department of Education
Student Financial
Assistance Programs

WARNING: If you purposely give false or misleading information on this form, you may get a $10,000 fine, a prison sentence, or both.

"You" and "your" on this form always mean the student who wants aid

Step 1: Student Status

Copy in this step your answers from worksheet #1 on page 3 of the instructions.

	Yes	No
1-1. A. Were you born before January 1, 1965?	☐	☐
B. Are you a veteran of the U S Armed Forces?	☐	☐
C. Are you a ward of the court or are both your parents dead?	☐	☐
D. Do you have legal dependents other than a spouse?	☐	☐

If you answered "Yes" to any part of question 1-1, go to Step 2 and fill out the gray and the white areas on the rest of the form (Skip questions 1-2 1-3, 1-4, 1-5, and 1-6)

If you answered "No" to every part of question 1-1, and you are

- Unmarried now (single, divorced, separated, or widowed) and will be an undergraduate student in 1988-89, answer question 1-3 (Skip question 1-2)
- Married now or will be a graduate/professional student in 1988-89, answer question 1-2 (Skip questions 1-3, 1-4, 1-5, and 1-6)

Married or Graduate/Professional Students

	Yes	No
1-2. Will your parents claim you as an income tax exemption in 1988?	☐	☐

If you answered "No" to question 1-2, go to Step 2 and fill out the gray and the white areas on the rest of the form

If you answered "Yes" to question 1-2, go to Step 2 and fill out the red and the white areas on the rest of the form

Unmarried Undergraduate Students

1-3. Did your parents claim you as an income tax exemption

	Yes	No
...In 1986?	☐	☐
...In 1987?	☐	☐

If you answered "Yes" to either part of question 1-3 go to Step 2 and fill out the red and the white areas on the rest of the form (Skip questions 1-4, 1-5 and 1-6)

If you answered "No" to both parts of question 1-3, answer question 1-4

1-4. Did you receive Federal student aid in 1987-88?

☐ Yes (Go on to question 1-5)

☐ No (Go on to question 1-6, skip question 1-5)

1-5. Did you have total resources of $4 000 or more, not including parents support?

	Yes	No
...In 1985?	☐	☐
...In 1986?	☐	☐

If you answered "No" to either part of question 1-5 go to Step 2 and fill out the red and the white areas on the rest of the form

If you answered "Yes" to both parts of question 1-5 go to Step 2 and fill out the gray and the white areas on the rest of the form

1-6. Did you have total resources of $4,000 or more, not including parents' support?

	Yes	No
...In 1986?	☐	☐
...In 1987?	☐	☐

If you answered "No" to either part of question 1-6, go to Step 2 and fill out the red and the white areas on the rest of the form

If you answered "Yes" to both parts of question 1-6 go to Step 2 and fill out the gray and the white areas on the rest of the form

Step 2: Yourself

2-1. Your name

Last ____ First ____ M I ____

2-2. Your permanent mailing address (Mail will be sent to this address See page 4 for State abbreviation)

Number and Street (Include Apt No) ____

City ____ State ____ Zip Code ____

2-3. Your title (optional)

☐ Mr

☐ Miss, Ms , or Mrs

2-4. Your State of legal residence

____ State

2-5. Your social security number

____ - ____ - ____

2-6. Your date of birth

____ - ____ - ____
Month Day Year

2-7. Are you a U S citizen?

☐ Yes, I am a U S citizen

☐ No, but I am an eligible noncitizen (See instructions)

☐ No, neither of the above (See instructions)

2-8. Are you married? (Check only one box)

☐ I am not married (I am single, divorced, or widowed)

☐ I am married

☐ I am separated from my spouse

2-9. What year will you be in college in 1988-89? (Check only one box)

☐ 1st year undergraduate

☐ 2nd year undergraduate

☐ other undergraduate

☐ graduate

2-10. Will you have your first Bachelor s degree before July 1 1988?

☐ Yes ☐ No

ED FORM 255

Step 3: Your parents' household information

3-1. What is your parents' current marital status?

- unmarried (single, divorced or widowed)
- married
- separated

3-2 What is your parents' State of legal residence?

State

3-3. Number of family members in 1988-89

(Write in the total number of people that your parents will support in 1988-89. Always include yourself and your parents. Include your parents' other children and other people only if they meet the definition in the instructions.)

3-4. Number of college students in 1988-89

(Of the number in 3-3, write in the number of family members who will be in college at least half-time. Include yourself.)

Step 4: Your (& your spouse's) household information

4-1. Number of family members in 1988-89

(Write in the total number of people that you will support in 1988-89. Always include yourself and your spouse. Include your children and other people only if they meet the definition in the instructions.)

4-2. Number of college students in 1988-89

(Of the number in 4-1, write in the number of family members who will be in college at least half-time. Include yourself.)

Step 5: 1987 income, deductions, earnings, and benefits

5-1. The following 1987 U.S. income tax figures are from a (an)

Everyone must fill out the student (& spouse) column below

PARENTS (Check only one box.)

- completed 1987 IRS Form 1040EZ or 1040A (Go to 5-2.)
- completed 1987 IRS Form 1040 (Go to 5-2.)
- estimated 1987 IRS Form 1040EZ or 1040A (Go to 5-2.)
- estimated 1987 IRS Form 1040 (Go to 5-2.)
- A tax return will not be filed (Skip to 5-6.)

STUDENT (& SPOUSE) (Check only one box.)

- completed 1987 IRS Form 1040EZ or 1040A (Go to 5-2)
- completed 1987 IRS Form 1040 (Go to 5-2)
- estimated 1987 IRS Form 1040EZ or 1040A (Go to 5-2)
- estimated 1987 IRS Form 1040 (Go to 5-2)
- A tax return will not be filed (Skip to 5-6)

	Parents		Student (& Spouse)
5-2. 1987 total number of exemptions (Form 1040-line 6e, 1040A-line 5e or 1040EZ)		5-2	
5-3 1987 income from IRS Form 1040-line 30, 1040A-line 12, or 1040EZ-line 3, or see instructions	$ .00	5-3	$ .00
5-4. 1987 income tax paid (Form 1040-line 47, 1040A-line 20 or 1040EZ-line 9)	$ .00	5-4	$ .00
5-5. 1987 itemized deductions (Form 1040, Schedule A, line 26 or write "0" if deductions were not itemized)	$ .00	5-5	$ .00
5-6. 1987 income earned from work — Father	$ .00	Student 5-6	$ .00
5-7. 1987 income earned from work — Mother	$ .00	Spouse 5-7.	$ .00
5-8. 1987 untaxed income and benefits			
5-8A. Social security benefits	$ .00	5-8A	$ .00
5-8B Aid to Families with Dependent Children (AFDC or ADC)	$ .00	5-8B	$ .00
5-8C Child support received for all children	$ .00	5-8C	$ .00
5-8D. Other untaxed income and benefits from worksheet #3	$ .00	Other untaxed income and benefits from worksheet #5 5-8D	$ .00

26

Financial Aid Form—School Year 1988-89

Warning: If you use this form to establish eligibility for federal student aid and you purposely give false or misleading information you may be subject to a $10,000 fine, a prison sentence, or both.

00

Section A—Student's Identification Information

1. Student's name Last First M I

2. Student's permanent mailing address (Mail will be sent to this address. See front cover for state abbreviation.) Number street and apartment number; City; State; Zip Code

3. Student's social security number

4. Student's date of birth Month Day Year

5. Student's home telephone Area Code Number

6. Student's title (optional) 1 ☐ Mr 2 ☐ Miss Ms or Mrs

7. a Student's state of legal residence

b Date student began living in that state Month Year

Section B—Student's Other Information

8. a. The student is (Check only one box.)
1 ☐ a U S citizen
2 ☐ an eligible noncitizen (See instructions.)
3 ☐ none of the above (See instructions.)

b If the student is an eligible noncitizen, give his or her Alien Registration Number

9. The student is (Check only one box.)
1 ☐ unmarried (single divorced or widowed)
2 ☐ married
3 ☐ separated

10. Student's high school code number (If you are now in high school give your high school 6-digit code number.)

11. Student's expected enrollment status during the 1988-89 school year (Check only one box.)
1 ☐ Full-time
2 ☐ At least half-time but less than full-time
3 ☐ Less than half time

12. Student's expected year in college during 1988-89 (Check only one box.)
1 ☐ 1st
2 ☐ 2nd
3 ☐ 3rd
4 ☐ 4th
5 ☐ 5th or more undergraduate
6 ☐ first year graduate or professional (beyond a bachelor's degree)
7 ☐ continuing graduate or professional

13. Student's course of study code (See instructions.)

14. Student's expected date of completion of current college degree or certificate Month Year

15. Will the student have a first bachelor's degree by July 1, 1988? Yes ☐ 1 No ☐ 2

16. a Has the student attended any college or school beyond high school? Yes ☐ 1 No ☐ 2

b If yes, list all colleges or schools, including city and state, that the student has attended, up to and including the present. If you need more space, continue in Section P

Name city and state of college	Attended at least half time?	Period of attendance From (mo/yr)	To (mo/yr)	CSS Code Number
	Yes ☐ No ☐			
	Yes ☐ No ☐			
	Yes ☐ No ☐			

17. a Student's driver's license number

b State that issued the above student's driver's license number State

See instructions before answering 18 and 19

18. Is the student or the student's spouse a dislocated worker? Yes ☐ 1 No ☐ 2

19. Is the student or the student's spouse a displaced homemaker? Yes ☐ 1 No ☐ 2

Section C—Student's 1987 Income & Expenses

If you are married, include your spouse's information in Sections C and D

20. The following 1987 U S income tax return figures are (Check only one box.)
1 ☐ from a completed IRS Form 1040EZ or 1040A Go to 21
2 ☐ from a completed IRS Form 1040 Go to 21
3 ☐ estimated Will file IRS Form 1040EZ or 1040A Go to 21
4 ☐ estimated Will file IRS Form 1040 Go to 21
5 ☐ a tax return will not be filed Skip to 25

Tax Filers Only

21. 1987 total number of exemptions (IRS Form 1040—line 6e, 1040A—line 5e, or 1040EZ—see instructions) 21

22. 1987 income from IRS Form 1040—line 30, 1040A—line 12, or 1040EZ—line 3 (Use the worksheet in the instructions.) 22 $ 00

23. 1987 U S income tax paid (IRS Form 1040—line 47, 1040A—line 20, or 1040EZ—line 9) 23 $ 00

24. 1987 itemized deductions (IRS Form 1040 Schedule A—line 26. Write in "0" if deductions were not itemized.) 24 $ 00

25. 1987 income earned from work by student (See instructions.) 25 $ 00

26. 1987 income earned from work by spouse (See instructions.) 26 $ 00

27. 1987 untaxed income and benefits
- **a Social security benefits** 27a $ 00
- **b Aid to Families with Dependent Children** (AFDC or ADC) b $ 00
- **c Child support received for all children** c $ 00
- **d Other untaxed 1987 income and benefits from worksheet in instructions** (Explain in Section P.) d $ 00

28. 1987 medical and dental expenses not paid by insurance 28 $ 00

29. 1987 elementary, junior high, and high school tuition for dependent children
- **a Amount paid** (Don't include any tuition paid for the student.) 29a $ 00
- **b For how many dependent children?** (Don't include the student.) b

Section D—Student's Assets

30. Cash, savings, and checking accounts $ 00

31. Home (Renters write in "0".) What is it worth now? $ 00 What is owed on it? $ 00

32. Other real estate and investments What is it worth now? $ 00 What is owed on it? $ 00

33. Business and farm What is it worth now? $ 00 What is owed on it? $ 00

34. Does any part of 33 include a farm? Yes ☐ 1 No ☐ 2

Section E—Student's Expected Veterans Benefits

July 1, 1988—June 30, 1989

35. Student's veterans GI Bill and Dependents Educational Assistance Benefits Amount per month $ 00 Number of months

36. Student's veterans VA Contributory Benefits (VEAP) Amount per month $ 00 Number of months

Write in student's last name

Section F—Student's (& Spouse's) Expected Income & Benefits (Don't include student financial aid or any of the benefits given in Section E.)

	Calendar Year 1988
37. 1988 income earned from work by student	$ .00
38. 1988 income earned from work by spouse	$ .00
39. 1988 other taxable income	$ .00
40. 1988 untaxed income and benefits	$ .00

	Summer 1988	School Year 1988-89
41. Income earned from work by student	3 months $ .00	9 months $ .00
42. Income earned from work by spouse	3 months $ .00	9 months $ .00
43. Other taxable income	3 months $ .00	9 months $ .00
44. Untaxed income and benefits	3 months $ .00	9 months $ .00

Section G—Student's Status

45. a. Was the student born before January 1, 1965? (See answer to 4.) Yes ☐ 1 No ☐ 2

b. Is the student a veteran of the U.S. Armed Forces? Yes ☐ 1 No ☐ 2

c. Is the student a ward of the court or are both parents dead? Yes ☐ 1 No ☐ 2

d. Does the student have legal dependents other than a spouse? Yes ☐ 1 No ☐ 2

Before going on, read and follow the instructions at the right.

- If you answered "Yes" to 45a or 45b or 45c or 45d, go to Section H and fill in the GRAY and the WHITE areas on the rest of the form. Some colleges may also ask you to complete the GREEN areas. Don't answer 46, 47, 48, 49 or 50.
- If you answered "No" to all of 45a, 45b, 45c and 45d and you are
  - —unmarried now and will be an undergraduate student in 1988-89, go to 46 and follow the directions given. Don't answer 50.
  - —married now or will be a graduate/professional student in 1988-89, go to 50. Don't answer 46, 47, 48, or 49.

Unmarried (Single, Divorced, Widowed, or Separated) Undergraduate Students

46. Was the student claimed by parents as an income tax exemption ...in 1986? Yes ☐ 1 No ☐ 2
...in 1987? Yes ☐ 1 No ☐ 2

If you answered "Yes" to any year in 46, go to Section H and fill in the GREEN and the WHITE areas on the rest of the form. Skip 47, 48, and 49. If you answered "No" to both years in 46, go to 47.

47. Did the student receive federal student aid during the 1987-88 school year? Yes ☐ 1 Go to 48
No ☐ 2 Go to 49. Skip 48.

48. Were the student's total resources $4,000 or more, not including parents' support ... in 1985? Yes ☐ 1 No ☐ 2
... in 1986? Yes ☐ 1 No ☐ 2

If you answered "Yes" to 48 for both years, go to Section H and fill in the GRAY and the WHITE areas on the rest of the form. Some colleges may also ask you to complete the GREEN areas.
If you answered "No" to any year in 48, go to Section H and fill in the GREEN and the WHITE areas on the rest of the form.

49. Were the student's total resources $4,000 or more, not including parents' support ... in 1986? Yes ☐ 1 No ☐ 2
...in 1987? Yes ☐ 1 No ☐ 2

If you answered "Yes" to 49 for both years, go to Section H and fill in the GRAY and the WHITE areas on the rest of the form. Some colleges may also ask you to complete the GREEN areas.
If you answered "No" to any year in 49, go to Section H and fill in the GREEN and the WHITE areas on the rest of the form.

Married Students or Graduate/Professional Students

50. Will the student be claimed by parents as an income tax exemption in 1988? Yes ☐ 1 No ☐ 2

If you answered "Yes" to 50, go to Section H and fill in the GREEN and the WHITE areas on the rest of the form.

If you answered "No" to 50, go to Section H and fill in the GRAY and the WHITE areas on the rest of the form. Some colleges may also ask you to complete the GREEN areas.

Section H—Household Information

Parents

51. Number of family members in 1988-89 ☐
Write in the total number of people that your parents will support in 1988-89. Always include the student and the parents. Include the parents' other children and other people only if they meet the definition in the instructions. You must list their names and give information about them in 55 below.

52. Number of college students in 1988-89 ☐
Of the number in 51, write in the number of family members who will be in college at least half-time. Include the student who is applying for aid.

Student (and spouse)

53. Number of family members in 1988-89 ☐
Write in the total number of people that you will support in 1988-89. Include yourself and your spouse. Include your children and other people only if they meet the definition in the instructions. You must list their names and give information about them in 55 below.

54. Number of college students in 1988-89 ☐
Of the number in 53, write in the number of family members who will be in college at least half-time. Include yourself—the student who is applying for aid—and others who will be in college at least half-time.

55. Family Members' Listing
Give information for all family members included in 51 and 53.
The student is already listed on the first line. List only seven other family members on the lines to the right. If there are more than seven, list first those persons who will be in college at least half-time. List those over seven in Section P and check this box ☐

	Full name of family member	Age of person	Relationship to student (Use code below.)	Will this person attend college at least half time in 1988-89 school year? Yes	No	Name of the school or college this person will attend in the 1988-89 school year
1	Student Applicant					
2				1 ☐	2 ☐	
3				1 ☐	2 ☐	
4				1 ☐	2 ☐	
5				1 ☐	2 ☐	
6				1 ☐	2 ☐	
7				1 ☐	2 ☐	
8				1 ☐	2 ☐	

Use correct code from below
1 = Student's parent/stepparent
2 = Student's brother or sister
3 = Student's husband or wife
4 = Student's son or daughter
5 = Student's grandparent
6 = Other (Explain in Section P.)

If you are answering the green and the white areas, go to page 3 and complete the rest of the form. If you are answering the gray and the white areas, go to page 4. Skip page 3.

8/20/88

ACT

FAMILY FINANCIAL STATEMENT (FFS) 1988-89

PAGE 1

1a. Student's title (optional)
- Mr
- Miss, Ms, or Mrs

- This form cannot be accepted by ACT before January 1, 1988 or after May 1, 1989
- **Use only a soft (No. 2) lead pencil. Don't use ink anywhere on the form.**
- Erasures can cause errors. See the instruction on how to correct them.
- Avoid mistakes and delays! Read the instruction for each question.

WARNING: If you use this form to establish eligibility for federal student financial aid and you purposely give false or misleading information on this form, you are subject to a $10,000 fine, a prison sentence, or both.

R

A. STUDENT'S INFORMATION

1b. Student's name (use a soft lead pencil only)

Last Name | First Name | MI

2,3 Student's permanent mailing address (continued in questions 4 and 5); mail will be sent to this address.

House No., St., & Apt., "PO Box" & No., or "RR" & No | City

STATE CODES	
AL	01
AK	02
AZ	03
AR	04
CA	05
CO	06
CT	07
DE	08
DC	09
FL	10
GA	11
HI	12
ID	13
IL	14
IN	15
IA	16
KS	17
KY	18
LA	19
ME	20
MD	21
MA	22
MI	23
MN	24
MS	25
MO	26
MT	27
NE	28
NV	29
NH	30
NJ	31
NM	32
NY	33
NC	34
ND	35
OH	36
OK	37
OR	38
PA	39
RI	40
SC	41
SD	42
TN	43
TX	44
UT	45
VT	46
VA	47
WA	48
WV	49
WI	50
WY	51
FN	53
MX	54
FM	56
MH	57
MP	58
PW	59
AS	61
GU	63
PR	64
VI	66

4 State code

5 ZIP Code

6 Student's Social Security number

7 Student's date of birth

Month | Day | Year

- Jan
- Feb
- Mar
- Apr
- May
- Jun
- Jul
- Aug
- Sep
- Oct
- Nov
- Dec

FOR ACT USE ONLY—DO NOT MARK HERE

A F B 9 7 12 10 15 13 E S D 18 16

FOR ACT USE ONLY DO NOT WRITE IN THIS AREA

A B C D E F G H I J K L M N O P Q R S T U V

Eight-15

PAGE 2

DO NOT STAPLE OR USE TAPE ON THIS FORM

A. STUDENT'S INFORMATION CONTINUED

8 Are you a U S citizen?

- a Yes I am a U S citizen
- b No but I am an eligible noncitizen (See instructions)
- c No none of the above (see instructions)

Alien Registration Number (eligible noncitizens only)

A

9 Are you married?

- I am not married (I am single divorced or widowed)
- I am married
- I am separated from my spouse

10 Will your spouse be attending college at least half time during 1988 89? (mark only one)

- Yes
- No
- Student unmarried

11,12 Enter your state of legal residence and the month and year you started living in that state

State Code — See state code listing on page 1 left margin

Month — Jan, Feb, March, April, May, June, July, Aug, Sept, Oct, Nov, Dec

Year

13 Will you have your first Bachelor's degree by July 1, 1988?

- Yes
- No

14 What year will you be in college during 1988-89? (mark only one)

- 1st year
- 2nd year
- 3rd year
- 4th year
- 5th year or more (undergraduate)
- 1st year graduate or professional (beyond a Bachelor's degree)
- Continuing graduate or professional

15 Are you or your spouse a

a Dislocated worker?

- Yes
- No

b Displaced homemaker?

- Yes
- No

B. Student's Status—READ THE INSTRUCTIONS BEFORE ANSWERING THESE QUESTIONS

16a. Were you born before January 1, 1965?

- ·
-

16b. Are you a veteran of the U S Armed Forces?

- Yes
- No

16c. Are you a ward of the court or are both of your parents dead?

- Yes
- No

16d. Do you have any legal dependents other than a spouse?

- Yes
- No

STOP! Choose one category below before going on

If you answered "Yes to any question in 16 go directly to Section C below question 22 (Skip questions 17 through 21) Do not complete pages 3 and 4

If you answered "No to all of the questions in 16 and you are

- Unmarried (single divorced separated or widowed) and will be an undergraduate student in 1988 89 go on to question 17
- Married or will be a graduate/professional student in 1988 89 go directly to question 21 (Skip questions 17 through 20)

Unmarried (single, divorced, separated or widowed) Undergraduate Students

17 Did your parents claim you as an income tax exemption

In 1986?	In 1987?
Yes	Yes
No	No

If you answered Yes to either year in question 17 go directly to Section D question 26 (Skip the rest of this page) Complete pages 3 through 8 of this form

If you answered No to question 17 for both years go on to question 18

18 Did you receive Federal Student Aid in 1987 88?

- Yes (go on to question 19)
- No (skip question 19 and go on to question 20)

19 Did you have total resources of $4 000 or more not including parents support

In 1985?	In 1986?
Yes	Yes
No	No

If you answered Yes to question 19 for both years go directly to Section C below question 22 (Skip questions 20 and 21) Do not complete pages 3 and 4 of this form

If you answered No to either year in question 9 go directly to page 3 question 26 (Skip the rest of this page) Complete pages 3 through 8 of this form

20 Did you have total resources of $4 000 or more not including parents support

In 1986?	In 1987?
Yes	Yes
No	No

If you answered Yes to question 20 for both years go directly to Section C question 22 (Skip question 21) Do not complete pages 3 and 4 of this form

If you answered No to either year in question 20 go directly to page 3 question 26 (Skip the rest of this page)

B. Married or Graduate/Professional Students

21 Will your parents claim you as an income tax exemption in 1988?

- Yes
- No

If you answered "Yes to question 21 go directly to Section D question 26 (Skip the rest of this page) Complete pages 3 through 8 of this form

If you answered No to question 21 go on to Section C question 22 Do not complete pages 3 and 4 of this form

C. STUDENT'S (& SPOUSE'S) GENERAL INFORMATION

22 Number of family members in 1988-89

Mark the total number of people that you will support in 1988 89 Always include yourself and your spouse Include your children and other people only if they meet the definition in the instructions

23 Number of college students in 1988 89

Of the number in question 22 mark the number of family members who will be in college at least half time Include yourself

24 1987 Medical and dental expenses not paid by insurance

1987 Elementary junior high & high school tuition paid for dependent children

25 a Amount paid

Don't include tuition paid for you (the student)

b For how many dependent children?

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8.4.2 Important Factors in Need Analysis

One fundamental factor in need analysis is the student's *dependency status*--whether the student qualifies as dependent or independent under the law. This determines whose income and assets will be taken into consideration in calculating the family contribution.

A second consideration is *which variant of the need analysis formulas* will be used in calculating the family contribution. Among the *regular* Pell Grant and CM formulas, there are variations which take into account the special circumstances of *displaced homemakers* and *dislocated workers*. There is also a *simplified* formula for low-income families.

These two important factors are discussed in the next two sections.

8.5 DEPENDENCY STATUS

The first step in any need analysis method is to determine the student's dependency status. *Dependency refers to financial dependence upon parents, and independent status is **defined by law** for purposes of federal Title IV financial aid.* Classifying a student as dependent or independent allows you to determine whose financial information will be included in the calculation of the expected family contribution--the student's, or the student's and parents'. (If the student is married, the spouse's financial information will be included in both cases.)

For the Title IV aid programs, an independent student is one who has demonstrated self-sufficiency based on the statutory definition of an independent student. The law requires that a student meet at least *one* of the following criteria to be considered an independent student:

1. an individual who is at least 24 years old by December 31 of the award year for which aid is sought; or

2. a ward of the court, or with both parents dead; or

3. a veteran of active duty in the U.S. Armed Forces; or

4. an individual with legal dependents other than a spouse (for example, dependent children or an elderly dependent parent); or

5. a graduate or professional student who will not be claimed as an income tax exemption by his or her parents or guardian for the first calendar year of the award year (for example, calendar year 1988 for award year 1988-89); or

6. a married individual who will not be claimed as an income tax exemption by his or her parents or guardian for the first calendar year of the award year; or

7. a single undergraduate student with no dependents who was not claimed as a dependent by his or her parents or guardian for the two calendar years preceding the award year,* and who demonstrates total self-sufficiency for those two years as evidenced by an annual total income (taxed and untaxed) of at least $4,000 in each of those years.

*For students who receive financial aid for the first time in the 1988-89 award year, the two preceding calendar years would be 1986 and 1987.

Students qualifying as independent students under points 5, 6, or 7 above must *document* that they satisfy the requirements of that criterion before any Title IV funds can be disbursed.

Documentation: For examples of documentation that the Department of Education considers sufficient to support independent student status under points 5, 6, and 7, refer to the "Dear Colleague" letter GEN-87-6, of February 1987.

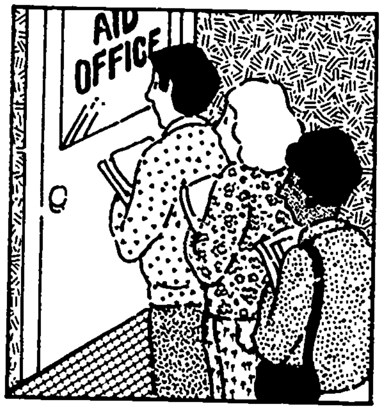
Although not required by law, you may also want to collect documentation supporting independent student status under points 1 through 4 (such as tax returns, DD-214s, letters regarding legal guardianship, and birth certificates), if that documentation is readily available.

✦ **Dependency Override:** Students may *not* be considered as independent students under the criteria in points 5, 6, and 7, even if they were considered independent during the preceding award year, if they were claimed as income tax exemptions by *anyone other than their spouses* for the first calendar year of that award year. In these cases, the aid administrator must use the *dependency override* procedure to change the student's status *from independent to dependent*.

On the basis of unusual circumstances, the aid administrator may also use the *dependency override* procedure to change a student's status *from dependent to independent*. The aid administrator must use professional judgment and thoroughly document the circumstances upon which the decision was made. Such dependency override decisions must be made strictly on a case-by-case basis.

For further information on *dependency override* procedures, see Appendix C.

Many students approaching your office and the financial aid application process for the first time consider themselves independent if they have reached a generally recognized age of majority (18 or 21). Some make a personal decision to provide for their own support once they are in college. Still others who reside with parents and pay room and board to them feel this alone supports their claim to independence. It is important to remember that *none of these situations qualifies a student to apply for federal financial aid as an independent student.* You should also be aware that some continuing applicants who qualified as independent students under the previous definition *may be dependent students under the new definition* unless unusual circumstances can be documented that would continue to qualify them as independent.



This will always be an important counseling area in financial aid offices. Students must be counseled that independence is not defined by age, social custom, or personal decision. Independent status is clearly defined by law for the federal student aid programs and is subject to verification by the financial aid administrator.

8.5.1 Questions to Determine Dependency Status

Because of its fundamental importance, the determination of dependency status is Step 1 on the AFSA and MDE need analysis forms. On the 1988-89 AFSA, dependency status is determined through the series of questions shown on the next page. These questions define whether a student is dependent or independent for purposes of Title IV aid. They also determine the source of income and asset information on the application and the method of computation. As you will see in the next section, the Pell and CM formulas differ from each other in some ways in their treatment of the income and assets of members of the student's household.

DETERMINING DEPENDENCY STATUS

Questions for All Applicants

- Were you born before January 1, 1965?
- Are you a veteran of the U.S. Armed Forces?
- Are you a ward of the court or are both of your parents dead?
- Do you have legal dependents other than a spouse?

An applicant who answers "yes" to *any* of these questions is considered *independent;* no further questions are asked.

If the applicant answers "no" to *all* the above questions, the next step depends on whether the student is:

- married *or* will be a graduate/professional student
- unmarried* *and* will be an undergraduate

Married Applicant, or Applicant who will be a Graduate or Professional Student

- Will your parents claim you as an income tax exemption in 1988?

A student who answers "yes" is considered to be *dependent*, while a student who answers "no" is considered *independent*.

Unmarried* Applicant who will be an Undergraduate

- Did your parents claim you as an income tax exemption in 1986? In 1987?

No

Yes

If the student answers "yes," having been claimed in one or both of the years in question, the student is considered to be *dependent*.

If the applicant answers "no" to the above questions, the next question is:

- Did you receive federal student aid in 1987-88?

Yes

No

If the student received financial aid in 1987-88, the next question is:

- Did you have total resources of $4,000 or more, not including parents' support, in 1985? In 1986?

A student who answers "yes" for both years is considered *independent*.

A student who answers "no" for either year is considered *dependent*.

If the student did not receive federal student aid in 1987-88, the next question is:

- Did you have total resources of $4,000 or more, not including parents' support, in 1986? In 1987?

A student who answers "yes" for both years is considered *independent*.

A student who answers "no" for either year is considered *dependent*.

*The ED definition of "unmarried" comprises applicants who are single, divorced, *separated*, or widowed.

8/20/88

8.6 THE FORMULAS AND THEIR COMPONENTS

Now that we have examined the issue of dependency status, we are ready to study the need analysis formulas. Having determined the student's independent or dependent status, we know whose information to measure in the need analysis process. We will see that the Congressional Methodology and Pell Grant formulas have similarities as well as differences in treatment.

For detailed discussions of the need analysis formulas, refer to:

- *The Pell Grant Formula, 1988-89*
- *The Congressional Methodology, 1988-89*
- *Handbook for Financial Aid Administrators 1988-89 Academic Year* (ACT)
- *CSS Manual for Student Aid Administrators: 1988-89 Policies and Procedures*

The details of the Congressional Methodology formula have been published by the Department of Education in *The Congressional Methodology, 1988-89*, a reference publication with worksheets and case studies. MDE processors such as CSS and ACT publish similar discussions of need analysis theory and computation procedures.

A discussion of the Pell Grant formula (or Family Contribution Schedule) has also been published by ED in *The Pell Grant Formula, 1988-89*. This publication also contains Pell formula worksheets and case studies.

8.6.1 The Congressional Methodology and Pell Grant Formulas

Shared Elements and Common Concepts

The Congressional Methodology and Pell Grant need analysis formulas share many of the same basic elements. The differences lie in the income information used in calculating the expected family contribution for certain types of students and in the treatment of some of the elements. Both formulas use different computational approaches for the dependent student and the independent, or self-supporting, student.

In each need analysis system, the end product of the formula is an expected family contribution (EFC):

- in the case of the Pell Grant program, the expected family contribution is known as the Student Aid Index (SAI)

- for the CM, the expected family contribution is referred to as the family contribution (FC).

The SAI is always based on a 9-month enrollment figure for both dependent and independent students. In the CM, the aid administrator may not use the 9-month FC for enrollment periods of more or less than 9 months, but must recalculate the FC to reflect the number of months in the enrollment period. (Appendix D shows how to recalculate an FC for enrollment periods other than 9 months.)

The SAI is used solely to determine Pell Grant eligibility, while the FC is used for the campus-based, Stafford Loan and SLS programs. You may *not* use the SAI to determine eligibility for the campus-based and Stafford/SLS programs.

Important: Institutions may no longer use the SAI to determine eligibility for the campus-based, Stafford Loan, and SLS programs.

Categories of Need Analysis Formulas

The chart on the next page shows the categories of need analysis formulas set forth in the law for the Pell Grant and Congressional Methodology family contribution calculations. This may look like a very complex system--for example, there are six* different regular formulas--but the formulas themselves have much in common. Once the aid administrator has identified the appropriate category of formula for a given student (or an alternative category for which the student also qualifies), the corresponding worksheet from need analysis reference publications can be used to calculate a correct SAI or FC, should the aid administrator wish to do this.

*There are three regular Pell formulas, one for each main category of student:

- dependent
- independent, married or single
- independent, with dependents other than a spouse

Similarly, there are three regular CM formulas.

8.6.2 How Does a Need Analysis "Formula" Work?

The Pell and CM need analysis formulas measure the two main components of a family's financial strength: *income* and *assets*. The greater the family's income and assets, the more the family can be expected to contribute to meet the student's cost of attendance at an institution.

The Pell and CM formulas recognize that every family has basic subsistence expenses for food, shelter, and other family needs. The formulas provide *offsets*, based on the number of family members, to take into account these necessary expenses, and may allow for family size in other ways. The formulas also provide offsets for other items such as income tax paid and medical and dental expenses. The offsets are deducted from the total income to find the family's *discretionary or available income.*

The same principle applies to assets. Assets are a significant part of a family's financial strength. The formulas begin with the family's net assets, and then provide *asset reserves or a protection allowance* to protect a portion of the family's net assets from assessment. The

CATEGORIES OF NEED ANALYSIS FORMULAS IN THE HIGHER EDUCATION AMENDMENTS OF 1986

PELL GRANT (FAMILY CONTRIBUTION SCHEDULE) FORMULAS

DEPENDENT STUDENT	INDEPENDENT STUDENT MARRIED OR SINGLE	INDEPENDENT STUDENT WITH DEPENDENTS OTHER THAN A SPOUSE
✦ Regular • Dislocated Worker • Displaced Homemaker ✦ Simplified	✦ Regular • Dislocated Worker • Displaced Homemaker ✦ Simplified	✦ Regular • Dislocated Worker • Displaced Homemaker ✦ Simplified

CONGRESSIONAL METHODOLOGY FORMULAS

DEPENDENT STUDENT	INDEPENDENT STUDENT WITHOUT DEPENDENTS	INDEPENDENT STUDENT WITH DEPENDENTS (INCLUDING A SPOUSE)
✦ Regular • Dislocated Worker • Displaced Homemaker ✦ Simplified	✦ Regular • Dislocated Worker • Displaced Homemaker ✦ Simplified	✦ Regular • Dislocated Worker • Displaced Homemaker ✦ Simplified

amount of net assets that remain after the reserves have been taken into account are considered the family's *available assets or discretionary net worth.*

The family contribution can now be calculated, based on the family's available income and available assets. This, in simplified form, is the way that the Pell and CM need analysis formulas operate.

ED annually publishes in the *Federal Register* updated tables showing figures to be used in calculating the family contribution under the Pell Grant and CM formulas.

Income, Assets, and Allowances or Offsets

By *income* we mean total taxable and untaxed income. This includes:

- ✧ adjusted gross income (taxable income) reported on a tax return
- ✧ untaxed income reported on a tax return (dividend exclusion, untaxed portion of unemployment compensation, married couple deduction, etc.)
- ✧ *earned (taxable) income* that was not reported on a tax return (a family may not have filed a tax return yet, or may not be required to because of a low earned income)
- ✧ untaxed income and benefits such as welfare benefits (AFDC or ADC), Social Security benefits, Railroad Retirement benefits, and disability benefits

Earned income is taxable income not reported on a federal tax return. It can include:

- wages, salaries, and tips
- interest income
- dividends
- alimony
- estate or trust income
- business or farm profits
- rental or property income

By *assets* we mean the total of:

- ✧ cash on hand
- ✧ checking and savings accounts
- ✧ stocks, bonds, trusts, and other securities
- ✧ real estate holdings including a home, if owned, or other real estate
- ✧ business equipment and inventory of goods and materials in stock

In general, the methods of needs analysis provide for *allowances (offsets)* against *total family income* for:

- ✧ maintenance (living) allowances based on household size
- ✧ non-discretionary annual expenses a family may have such as:
  - federal taxes
  - state and local taxes*
  - Social Security tax (F.I.C.A.)*
  - unusual medical expenses
  - expenses related to the employment of both parents or a single parent
  - other expenses such as elementary and high school tuition expenses

*These are allowances only in the Congressional Methodology.

Similar *allowances or offsets* are provided against a *family's assets*. They reduce the amount of assets used in calculating the family's contribution from assets. These allowances or offsets take account of:

✧ debts owed on the asset

✧ asset protection for:
- retirement
- emergency expenses
- other discretionary expenses

Appendix A contains examples of Pell Grant and Congressional Methodology analyses for a dependent and an independent student. At this point in our discussion we do not expect that you will have a total grasp of the details of the formulas. However, the following examples should help you to better understand the major components and the basic computational steps in the two formulas. Some of the differences between the dependent and independent analyses and the Pell Grant and CM formulas may also be evident.

Example 1: Overview of Pell/CM Analysis for a Dependent Student--Regular Formula

Elements:

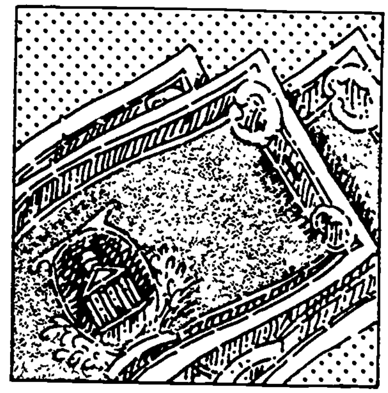
Parental Income:	Parents' Contribution (PC) from Income
Parental Assets:	Parents' Contribution (PC) from Assets
Student (and Spouse) Income:	Student's Contribution (SC) from Income
Student (and Spouse) Assets:	Student's Contribution (SC) from Assets

Other factors recognized by the formula:

Household size
Number enrolled in postsecondary education during the same academic year

Calculation:

PC from Income
\+ PC from Assets
\+ SC from Income
<u>+ SC from Assets</u>
= FC for the Congressional Methodology formula
or
SAI for the Pell Grant formula



Example of Differences between the Pell and CM Formulas: Treatment of Veterans Educational Benefits

- Veterans *contributory* educational benefits are not included in any part of the Pell need analysis; they *are* included in the CM formula.

Example 1: Dependent Student, Regular Formula:

- Under the Pell formula, half of the *student's* expected veterans educational benefits are included in the Parental Income section.

- In the CM need analysis, veterans are automatically considered *independent*. The dependent student analysis therefore does not include veterans educational benefits.

Example 2: Overview of Pell/CM Analysis for a Married Independent Student with Children--Regular Formula

Elements:

Student (and Spouse) Income:	Student's Contribution (SC) from Income
Student (and Spouse) Assets:	Student's Contribution (SC) from Assets

Other factors recognized by the formula:

Household size
Number enrolled in postsecondary education during the same academic year

Calculation:

SC from taxable and untaxed Income
<u>+ SC from Assets</u>
= FC for the Congressional Methodology formula
or
SAI for the Pell Grant formula

Treatment of Veterans Educational Benefits

Example 2: Independent Student, Married with Children, Regular Formula:

- Under the Pell formula, half of the student's expected veterans educational benefits are included in the Student/Spouse Income section.
- Under the CM formula, only a *portion* of the student's expected veterans educational benefits are included in the calculation of the FC. Therefore, the *remaining portion of the veterans benefits* must be counted as a *resource* for the campus-based programs or *estimated financial assistance* for the Stafford Loan program in determining the student's financial need (see Appendix E).

The Dislocated Worker Formula Variation

Dislocated worker refers to those who have been:

- fired or laid off from work;
- self-employed but are now unemployed because of:
  - poor economic conditions in the community (such as with farmers); or
  - a natural disaster.

The dislocated worker may be the student, the student's spouse, or the parent. To qualify for the Dislocated Worker version of the regular need analysis formula, dislocated workers must have been classified as such by the appropriate state agency. The formula uses *estimated year income* to determine financial need and *excludes home assets.*

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The Displaced Homemaker Formula Variation

The term *displaced homemaker* refers to a person who:

- ✧ has not worked in the labor force for a substantial number of years (5 years or more) but has, during those years, worked in the home providing unpaid services for family members;
- ✧ has been dependent on public assistance or income from another family member, but is no longer receiving that income, or is receiving public assistance because of dependent children in the home; and
- ✧ is *unemployed* or *underemployed* and is experiencing difficulty in obtaining or upgrading employment.

The Displaced Homemaker version of the Pell Grant and Congressional Methodology formulas *excludes home assets* in calculating the student's eligibility for financial assistance. Both formulas provide instructions on the standard worksheets* for this calculation.

- *Unemployed* means not working this week but being available for work and having made specific efforts to get a job sometir e during the last 4 weeks.
- *Underemployed* means working part-time, even though full-time employment is desired, because work is slack or because only part-time work is available.

*The standard worksheets are published in *The Pell Grant Formula, 1988-89*, and *The Congressional Methodology, 1988-89*. For examples of their use, see Appendix A.

The Simplified Needs Test

The Simplified Needs Test allows certain applicants to fill out only part of the standard financial aid application form. Based on this limited set of data items, a simplified need analysis is performed--a variation of the regular Pell Grant and Congressional Methodology formulas. The Simplified Needs Test can be used by an applicant whose family has a total adjusted gross income of $15,000 or less *and who:*

- ✧ *either* filed an IRS 1040A or 1040EZ
- ✧ *or* did not and will not file a tax return

IRS Forms 1040A and 1040EZ for the 1988 tax year will include items for reporting taxable scholarship and fellowship grant income. This will allow many students, beginning in the 1989-90 award year, to use Simplified Needs Test procedures. Prior to 1988, scholarship and grant income could be reported only on Form 1040, so students having such income did not qualify for the simplified need analysis even when they met the income criteria.

The only data elements used in the simplified need analysis are the following:

- ✧ adjusted gross income;
- ✧ untaxed income and benefits;
- ✧ federal taxes paid;
- ✧ allowance for state and local taxes paid;
- ✧ number of family members; and

✧ number of family members in postsecondary education.

Assets are excluded from the simplified need analysis. Also, allowances for medical/dental expenses and elementary/secondary school education costs are not deducted from income. Additionally, veterans benefits are excluded from the student's total income. Therefore, the benefits must be counted as a resource for the campus-based programs and as estimated financial assistance for the Stafford Loan program when the aid administrator is determining the financial need of the student.

A student completing the AFSA who qualifies for the Simplified Needs Test need complete only the first five steps of the application. However, if student applicants wish to be considered for state or institutional aid, they should also complete the Supplemental Information section on the form.

If an applicant provides only the simplified data elements, but the processor determines that the applicant does not qualify for the Simplified Needs Test, the application will be rejected.

Even though students qualify for the simplified formula, it may be to their advantage to use the full data element formula. This may be the case if a family has unusual medical or dental expenses, or elementary/secondary school tuition costs. If a student who qualifies for the Simplified Needs Test fills out the Supplemental Information page on the AFSA or supplies complete information on an MDE application, the processor will calculate *primary and secondary EFCs:*

In some cases, a student's expected family contribution may be lower if the full data element formula is used.

✦ **Primary EFC:** The primary SAI and FC always appear in the usual locations on Parts 1 and 2 of the SAR, with the SAI in the upper right-hand corner and the FC in the lower right-hand corner. If the applicant qualified for the Simplified Needs Test, the primary EFC will be from the simplified formula.

✦ **Secondary EFC:** The secondary SAI and FC, if any, will appear in the heading of the "School Use" box on Part 2 of the SAR. A secondary EFC is calculated with the full formula if the applicant qualified for the Simplified Needs Test but also provided enough information for the full data element formula.

In awarding aid, the aid administrator may use:

✧ either the primary or the secondary SAI; and

✧ either the primary or the secondary FC.

By this point in our review of application forms and the major elements of the formulas, you are probably asking, "Do I need to memorize all of this?" The answer to that question is "no"--with a little qualification.

It is essential that you be totally familiar with the various application forms, especially the ones used at your institution. You must be able to counsel and assist students in accurately completing their application forms.

You will also spend many hours reviewing processed need analysis reports, either received by your office from service agencies (such as FAFNARs from CSS and CFARs from ACT) or submitted to your office by students (SARs). You must be able to understand the components and workings of the formulas well enough to relate these documents to the applications that produced them.

The formulas--their components, similarities, and differences--are a more complex issue. You should certainly know the major elements of the formulas and the principles underlying need analysis. It may also be helpful to understand the major areas where the Congressional Methodology and Pell Grant formulas differ. There will always be those students who are ineligible for a Pell Grant but eligible for campus-based aid or a Stafford Loan and who want to know why. In many cases, your explanation will center around the different treatment of various elements in the two formulas.

8.7 RECALCULATION AND ADJUSTMENT OF THE EFC BY THE FINANCIAL AID ADMINISTRATOR

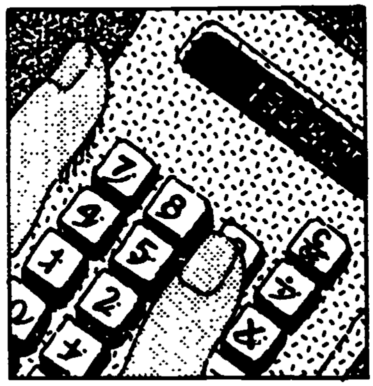
The collection and consistent treatment of family income and asset information generally results in a realistic figure for the expected family contribution towards educational costs. However, a student's family may sometimes experience an extraordinary change in circumstances which will affect the family's ability to contribute to educational costs. This may call for an *adjustment*. Also, there are cases when the aid administrator's review of a processed need analysis report reveals an error in the completion of the original application resulting in an inaccurate EFC. This requires a *recalculation*.

Adjustments are not the same as *recalculations*.

- A *recalculation* is a computation reflecting only mandatory correction of erroneous information on the application.
- An *adjustment* may be performed when the data used are accurate but the aid administrator determines that the data, methodology, or end result should be adjusted to reflect the student's special circumstances.

In the next two sections, we will discuss *recalculations* and *adjustments* in general terms. We will then highlight differences in your authority to make recalculations and adjustments in the Pell Grant and Congressional Methodology systems.

8.7.1 Recalculations



This term applies to cases in which the aid administrator's review of a processed need analysis report reveals an error in the completion of the original application, resulting in an inaccurate EFC. Inaccurate data generally require a recalculation. The term *recalculation* only applies to computations of expected family contributions reflecting corrected data.

8.7.2 Adjustments

The Higher Education Amendments of 1986, as amended, have given aid administrators the authority to exercise professional judgment to make adjustments which may increase or decrease a student's EFC or COA (cost of attendance). The adjustment must be directly related to the special circumstances of the student and might include one of the following conditions:

- a serious illness in the family
- a loss of employment
- death of a main wage earner
- divorce or separation that significantly changes a family's economic standing

These adjustments:

- are to be done on an individual, case-by-case basis
- must be thoroughly documented in writing (in some cases, adjustments may also have to be reported to the central processor)

See Module 10 for reporting procedures which may need to be followed after an adjustment is made to the SAI.

The circumstances to be recognized must be documentable. For example, loss of employment, death of a parent or spouse, or a catastrophic illness in the family are justifiable circumstances which can be documented.

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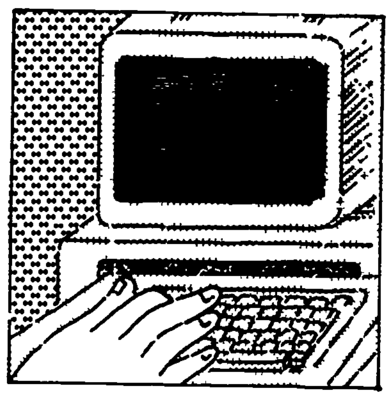
Once you have determined that an adjustment to a need analysis formula is necessary, a decision must be made as to which data items require adjusting. In the case of changed family circumstances, the adjustment may involve areas such as:

- use of estimated income and estimated taxes paid rather than base-year income
- changes in household size
- reduced assets due to a family emergency such as a catastrophic illness

Documentation supporting your adjustment must be placed in the student's file for future reference. For example, it may be needed in an audit or program review. Two final points to remember:

- all adjustments must be based on accurate information
- if an adjustment is made in one methodology (for example, in the Pell Grant formula), a comparable adjustment must be made in the other methodology (in this case, the Congressional Methodology) unless a justifiable reason for not doing so is documented

8.7.3 Recalculations and Adjustments in Pell Grant and Congressional Methodology Need Analysis



The procedures followed by the aid administrator in making adjustments and recalculating the EFC depends upon the need analysis system involved. The following provides an overview of the treatment of special circumstances and/or erroneous data under the current need analysis systems--the Pell Grant formula and the Congressional Methodology.

Recalculations and Adjustments in
Pell Grant Need Analysis

The aid administrator may recalculate the Pell Grant Student Aid Index (SAI) that results from the Pell Grant need analysis formula, and make an initial Pell Grant payment to a student, if a review of the student's Pell Grant Student Aid Report (SAR) shows erroneous or inconsistent data that must be changed. The Pell Grant system provides the following methods for correcting erroneous data or reporting changed family circumstances:

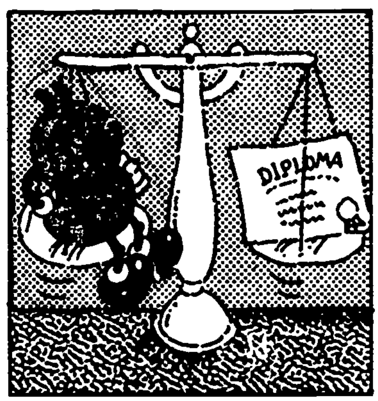
✦ **Recalculations:** Pell applicants are instructed to review the information contained on their processed Student Aid Reports (SARs) for errors. In some cases the central processor directs a student's attention to specific questionable data items. If corrections are necessary, the student is instructed to correct the data on the SAR and return it to the central processor for recalculation. In the same manner, the aid administrator's review of the SAR may also reveal erroneous data. If the aid administrator determines that corrections must be made, he or she will direct the student* to return the SAR to the central processor for reprocessing, even if the student's SAI is recalculated by the aid administrator and an initial Pell Grant payment is made. A corrected, reprocessed SAR must be submitted to the aid office while the student is still enrolled as an eligible student for two purposes:

*See Module 10 for those instances where the student and aid administrator make corrections to data items on the SAR and return the SAR to the central processor.

- ✧ for the student to receive any further Pell Grant payments; and
- ✧ to substantiate any initial payment made to the student as a result of the aid administrator's recalculation of the SAI.

✦ **Adjustments:** When making an adjustment to an eligible SAI on the basis of professional judgment, the aid administrator must either:

- ✧ make the adjustment on Part 2 of the SAR and send it back to the ED central processor for recalculation of the SAI; or
- ✧ make the adjustment, recompute the SAI, report the change on Part 3 of the SAR (Item #10), and document the student's file with the reason for the adjustment (see Module 10 for further details).



Recalculations and Adjustments in Congressional Methodology Need Analysis

In the CM, the aid administrator has greater flexibility to adjust data and recalculate a family's EFC used in awarding federal campus-based and institutional need-based funds and in certifying a Stafford and/or SLS loan.

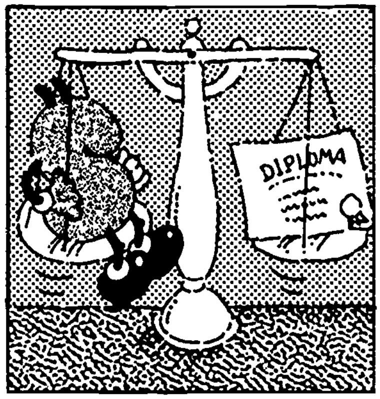
✦ **Recalculations:** When erroneous data items are identified, recalculations of the FC must be done according to the Congressional Methodology formula. The Department of Education and some need analysis service agencies publish workbooks annually which provide step-by-step details of the formula and case studies to assist you with recalculation. Another option, if your institution uses one of the need analysis processors, is to request that the student submit revised data to the processor to obtain a recalculated EFC. However, this involves additional processing time and may delay your award packaging for the student.

✦ **Adjustments:** The regulations for the Title IV campus-based programs (SEOG, CWS, and Perkins Loan) describe the aid administrator's authority to exercise professional judgment in making adjustments. Once you have determined that an adjustment must be made, the next step is to determine what kind of adjustment is required: in data items, in the methodology, in the end product (the FC), etc. As always, documentation of the reason for the adjustment must be placed in the student's file.

SUMMARY

This concludes our discussion of need analysis, one of the most complex and difficult areas for newcomers to student financial aid. Our discussion is intended to introduce you to the topic and to give you a basic understanding of the underlying concepts, the history, the application forms, and the formulas. This is by no means a comprehensive discussion, and we strongly encourage you to study the publications from the Department of Education, ACT, and CSS for more detailed discussions and case studies.

We end the discussion as we began it--by emphasizing the importance of the position of need analysis, the determination of the EFC. The expected family contribution is a central component in our overall need equation:



COA - EFC = NEED

In examining the need analysis methods that have evolved since the 1950s, it is important to realize that they developed at different times to serve somewhat different purposes. That is why today we deal with two different formulas--the Pell Grant and Congressional Methodology formulas. The different purposes they serve result in differences in their treatments of income, assets, and other components of the formulas. Efforts to improve processing procedures for need analysis documents and to refine the formulas have given us MDE processors and the Congressional Methodology.

Regardless of the formula used, the major goal of the existing need analysis methods is to measure systematically and equitably each family's ability to contribute to educational costs. The formulas have been developed to determine and rank need and to distribute limited federal funds to large numbers of needy students. This will take on even greater importance when you begin to distribute those limited funds, as described in Module 9, Award Packaging.

POST-TEST

1. Complete this subtraction problem: **Cost of Attendance - Expected Family Contribution = ?**

   a. net cost of attendance
   b. financial need
   c. cost of education
   d. available income

2. The term *need analysis*: (circle the correct answer)

   a. refers to a mathematical formula used to determine an expected family contribution (EFC)
   b. refers to an overall determination of need for financial assistance
   c. refers to one of the methods specified by law for determining student need for Title IV assistance
   d. may refer to any of the above

3. *Multiple data entry* refers to: (circle all that apply)

   a. data collection for both the Pell Grant processor and a certified need analysis processor on a single financial aid form
   b. submission of data for two student applicants (members of the same family) on the same application form
   c. multiple submissions of an application form resulting from the need to correct data

4. Need analysis for awarding Title IV funds is based on the principle that:

   a. parents and students bear the primary responsibility for paying for the cost of attendance at an institution
   b. the institution bears the primary responsibility for paying for the cost of attendance of any student admitted to its program
   c. the federal government bears the primary responsibility for paying for the cost of attendance of an eligible student admitted to an institution of higher education

5. *Dependency status* refers to: (circle the correct answer)

   a. the student's relationship to a parent--residence with a parent, tax exemption status, and receipt of financial assistance from the parent
   b. the student's dependence upon financial assistance to attend a given institution
   c. whether the student has dependents of his or her own

6. The term *base year* refers to: (circle the correct answer)

   a. the calendar year which is 2 years before the student's enrollment (1986 for the 1988-89 academic year)
   b. the calendar year preceding the academic year (1987 for the 1988-89 academic year)
   c. the current academic year, or current period of attendance if this will be less than a complete academic year

7. The Pell Grant SAI and the Congressional Methodology FC are both expected family contribution figures. True or False?

8. Circumstances *not* considered in the Pell Grant and Congressional Methodology need analysis formulas are: (circle any that apply)

   a. medical expenses of the family
   b. deductions on an income tax return
   c. consumer debts of the family
   d. an institutional scholarship already awarded to the student
   e. home equity

9. If a student is eligible for a Pell Grant: (circle all that apply)

   a. the student will always be eligible for campus-based aid
   b. the student will always be eligible for a Stafford Loan
   c. eligibility for other aid is unknown until further need has been determined
   d. the student will always be eligible for a Stafford Loan; beyond that, we cannot say what the student will be eligible for until further need is determined

10. Dependency status will determine whose financial information (*parents' and student's* or *student's*) and which formula (*dependent* or *independent* model) will be used by the central processor to determine an expected family contribution. True or False?

11. For independent students, the Pell Grant formula generally uses base-year income data, while the Congressional Methodology uses income data projected for the academic year. True or False?

12. Aid administrators may use either the Pell Grant SAI or the Congressional Methodology FC when determining a student's eligibility for a Stafford Loan, because the two formulas are interchangeable for this purpose. True or False?

13. Students with family adjusted gross incomes of more than $25,000 in the base year preceding the award year are ineligible to borrow under the Stafford Loan program. True or False?

ANSWERS

1. b. financial need. (For more information, see Section 8.1.)

2. d. The term *need analysis* may be used within the field to mean *a*, *b*, or *c*. Be attentive to the context in which it is used to be sure you understand the meaning being discussed. (8.1, 8.4)

3. a. Data collection on one form to be used by two separate processors. Data may be submitted on one application and sent to an MDE (multiple data entry) processing agency. This processor will then forward the data to the ED central processor and, in some cases, to state grant agencies. This means the student does not need to fill out separate application forms for the Pell Grant and other need-based federal and state aid programs. Please note that *b* is incorrect--each person must fill out a separate application for aid. (8.4)

4. a. In awarding Title IV funds, parents and students bear the primary responsibility for paying for the cost of attending an institution, before the federal government provides assistance. Institutions vary in their approach to providing institutional support, often depending upon the extent of the financial resources of the institution. (8.?)

5. a. *Dependency status* refers to the student's relationship to the parent. (8.5)

6. b. *Base year* refers to the calendar year prior to the award year. For example, for the 1988-89 award year, which runs from July 1, 1988 to June 30, 1989, applications may be submitted to processors from January 1, 1988 until the deadline of May 1, 1989 (the application period). *The base year is 1987.* (8.2)

7. True. The Pell Grant Student Aid Index (SAI) and the Congressional Methodology Family Contribution (FC) are both expected family contribution figures. There are similarities and differences in the ways that the Pell Grant SAI and the Congressional Methodology FC are calculated. (8.6.1, 8.6.2)

8. c. and d. Consumer debts of the family do not not affect family or student contribution as assessed by these formulas. An institutional scholarship will not affect a family or student contribution. It will be considered a *resource* when financial aid is packaged, or as *estimated financial assistance* in determining "need" for a subsidized Stafford Loan. (8.6.1 and 8.6.2)

9. c. Need will still have to be determined for other forms of aid. Eligibility for one form of aid never guarantees eligibility for another. Students may have their financial need met through a Pell Grant award, and be ineligible for other aid. Or, students may be ineligible for the Pell Grant, but be eligible for campus-based and/or Stafford and/or SLS funds. (8.3.7, 8.4)

10. True. Dependency status will determine whether parental information will be considered. The ED central processor or other processor will use separate formulas for dependent and independent students. (8.5)

11. False. Both the Pell Grant and Congressional Methodologies use base-year income for both dependent and independent students. Expected year income is used for the SAI and FC computation only if there is an extraordinary change in the family's circumstances such as the death of a family member or the loss of a job. (8.3.7)

12. False. The Pell Grant SAI is used as the expected family contribution for Pell Grant awarding only. For campus-based and Stafford/SLS program awarding, the Congressional Methodology FC is the expected family contribution. (8.6.1)

13. False. Although all applicants must show financial need to borrow under the Stafford Loan program, there is no income cap on eligibility. Need for a Stafford Loan is determined based on this formula:

COA - Estimated Financial Assistance - EFC = Need

Estimated financial assistance includes any Pell Grant for which the student is eligible. The *EFC* will be the FC calculated using the Congressional Methodology formula for need analysis. This FC can also be used to award campus-based assistance. (8.3.7, 8.6.1)

Questions: 13 | Your Score: ____ | Percentage: ____

adjusted gross income (AGI)	An income figure taken from the federal income tax form that has been filed in compliance with IRS regulations and guidelines.
allowances	Financial modifications included in need analysis formulas to provide for a family's non-discretionary expenses or to shelter assets or income for retirement or emergency purposes. In establishing students' costs of attendance, allowances are reasonable amounts allotted by the institution to reflect most students' financial circumstances.
Application for Federal Student Aid (AFSA)	A free financial aid application, provided by the Department of Education, which gathers data to determine both Pell Grant eligibility and expected family contribution using the Congressional Methodology.
assets	Financial holdings such as cash on hand in checking and savings accounts, trusts, stocks, bonds, other securities, home (if owned), other real estate, business equipment, and business inventory.
base year	The 12-month period ending on the December 31st preceding the award year. For example, calendar year 1987 is the base year for the 1988-89 award year.
business assets	Property that is used in the operation of a trade or business including real estate, inventories, buildings, machinery and other equipment, patents, franchise rights, and copyrights. Considered in determining a family's expected contribution.
certified need analysis system	A system which has been certified by ED as capable of accurately calculating EFCs. The May 1988 *Federal Register* contains a list of need analysis systems certified for the 1988-89 award year. If you use one of these systems to calculate an EFC for the campus-based and Stafford programs, you can be sure that the EFC has been calculated in accordance with the statute.
dependent student	A student who does not satisfy any of the criteria for an **independent** student must be classified as an dependent student for the purposes of federal Title IV financial aid.
educational benefits	Funds, primarily federal, awarded to certain students--veterans, children of deceased veterans or other deceased wage earners, and students with physical handicaps--to help finance their postsecondary education without regard to financial need.
employment expense offset	An allowance in the determination of the expected family contribution or Pell eligibility. The allowance can be used to meet additional expenses relating to employment when both parents are

employed or when one parent qualifies as a surviving spouse or as head of a household under Section 2 of the Internal Revenue Code.

estimated student financial assistance	For a Stafford, SLS, or PLUS loan, the estimated amount of assistance for the period the loan is sought that a school is aware a student will be or has been awarded in federal, state, or privately supported scholarship, grant, work or loan programs, including veterans educational and Social Security benefits.
expected family contribution (EFC)	The figure which indicates how much of a family's financial resources should be available to help pay the expenses of postsecondary education. This figure is determined according to statutory formulas. The Pell Grant program calls the EFC the *Student Aid Index (SAI)*. The Congressional Methodology calls the EFC *the Family Contribution* (FC) for the campus-based and Stafford Loan programs.
Family Financial Statement (FFS)	The input document (financial aid application) in the American College Testing Program's system of need analysis.
family size offset	An allowance in Pell Grant need analysis to meet the basic subsistence expenses of a family, including food, shelter, clothing, and other basic needs. This allowance is based on the number of persons in the household.
financial aid application	The input form completed by an applicant and family for one of the need analysis systems. This type of document is the foundation for all need analysis comput- .ions.
Financial Aid Form (FAF)	The input document (financial aid application) in the College Scholarship Service's system of need analysis.
independent student	To be classified as an independent student for federal Title IV financial aid, a student must be an individual who (a) is at least 24 years old by December 31 of the award year for which aid is sought; or (b) is an orphan or ward of the court; or (c) is a veteran of the Armed Forces of the United States; or (d) has legal dependents other than a spouse (for example, dependent children or an elderly dependent parent); or (e) is a graduate or professional student who will not be claimed as an income tax exemption by his or her parents or guardian for the first calendar year of the award year (for example, calendar year 1988 for award year 1988-89); or (f) is married and will not be claimed as an income tax exemption by his or her parents or guardian for the first calendar year of the award year; or (g) is a single undergraduate student with no dependents who was not claimed as a dependent by his or her parents or guardian for the two calendar years preceding the award year, and who demonstrates total self-sufficiency for those two years as evide: ·ed by annual total resources, (taxed and untaxed), of at least $4,000 in each of those years (for example, calendar years 1986 and 1987 for award year 1988-89). A student may also be

	determined to be an independent student on the basis of unusual circumstances documented by the aid administrator.
Multiple Data Entry (MDE)	The mechanism which allows for the incorporation and transmission of Title IV data elements through various approved need analysis data collection documents so that applicants can apply for both the Pell Grant and other financial assistance by completing one form. The MDE processor transmits the data to the federal processing center, and students receive their eligibility notifications for a Pell Grant from the Pell central processor.
need analysis	A process used to determine a student applicant's need for financial assistance to help meet his/her educational Cost of Attendance.
need analysis report	The output document resulting from one of the financial aid application forms used to calculate the Congressional Methodology family contribution (FC) or the Pell Grant Student Aid Index (SAI). The most common need analysis reports are the federal Student Aid Report (SAR), the College Scholarship Service's FAFNAR, and the American College Testing Program's CFAR.
need analysis servicer (NAS)	A servicer that produces EFCs for student applicants. See **certified need analysis system.**
offsets	See **allowances**.
parents' contribution	A quantitative estimate, according to the approved need analysis methodologies, of the parents' ability to contribute to postsecondary educational expenses.
resources	For purposes of determining awards and overpayments in the campus-based programs, resources include, but are not limited to, (a) any funds the student is entitled to receive from a Pell Grant regardless of whether the student applies for it; (b) waiver of tuition and fees; (c) scholarship or grant, including an SEOG or athletic scholarship; (d) fellowship or assistantship; (e) insurance programs for the student's education; (f) SLS, PLUS, state-sponsored, or private loan proceeds not used as a substitute for the EFC; (g) long-term loans, including Perkins Loans but excluding Stafford Loans, SLS, and PLUS, made by the institution; (h) net earnings from need-based employment ("net earnings" means gross earnings minus taxes and job related costs); and (i) veterans and Social Security benefits (except that part included in the calculation of the student's EFC).
self-help expectation	The principle that a student has an obligation to help pay for a portion of his or her education. A standard self-help expectation is frequently computed in the analysis of student resources.
standard maintenance allowance	An allowance against income for the basic costs of maintaining family members in the home. The allowance is based upon

	consumption and other cost estimates of the Bureau of Labor Statistics for a family at the low standard of living.
Student Aid Index (SAI)	The numeric value reported on the Student Aid Report (SAR) that indicates the expected family contribution for the Pell Grant program obtained by performing the Family Contribution Schedule Methodology of need analysis.
student contribution	The amount the student is expected to contribute toward educational costs from base year income (taxed and untaxed), assets, and other resources. This is based on an analysis of income (taxes and untaxed) and assets with allowances provided for both to ensure that the student can meet necessary expenses.
taxable income	Income earned from wages, salaries, tips, as well as interest income, dividends, alimony, estate or trust income, business or farm profits, and rental or property income. These types of income are usually reported on an IRS tax form.
Uniform Methodology (U.M.)	A method for determining a student and/or family's ability to pay for postsecondary education, used by the major need analysis services and many institutions and state agencies. This methodology may not be used to award Title IV funds after June 30, 1988.
unmet need	The difference between the sum of a student's total available resources and expected family contribution (EFC) and the total cost for the student's attendance at a specific institution.
untaxed income	Income received that is not taxed. Examples of such income are Social Security benefits, welfare benefits, interest on tax-free bonds, some unemployment compensation, military and other subsistence and quarters allowances.

ACRONYMS

AAI	Adjusted Available Income.
ACT	American College Testing program.
AFSA	Application for Federal Student Aid.
ATI	Available Taxable Income.
CEEB	College Entrance Examination Board. Former name of the College Board.
CSS	College Scholarship Service.

CTI	Contribution from Taxable Income.
EFC	Expected Family Contribution.
FAF	Financial Aid Form.
FC	Family Contribution (calculated with the Congressional Methodology).
FFS	Family Financial Statement.
GAPSFAS	Graduate and Professional School Financial Aid Service.
MDE	Multiple Data Entry.
PHEAA	Pennsylvania Higher Education Assistance Agency.
SAI	Student Aid Index.
U.M.	Uniform Methodology.

KEY RESOURCES

1. U.S. Department of Education. *The Congressional Methodology, 1988-89*, Washington, D.C., OSFA/ED, 1988.

2. ———, *The Pell Grant Formula, 1988-89*, Washington, D.C., OSFA/ED, 1988.

3. American College Testing Program, *Handbook for Financial Aid Administrators 1988-89 Academic Year*, Iowa City, IA, ACT, 1988.

   Designed to assist the financial aid officer in understanding the ACT student need analysis system and services for 1986-87. Areas covered are theory and components of Congressional Methodology; ACT financial aid services; detailed explanation of Comprehensive Financial Aid Report; and sample cases which illustrate how to interpret and use ACT financial aid documents.

4. College Scholarship Service, *CSS Manual for Student Aid Administrators: 1988-89 Policies and Procedures*, New York, NY, The College Board, 1988.

   Detailed explanation of the CSS need analysis system. This comprehensive guide includes information about basic rationale, the economic principles, and the computational procedures used in the CSS system.

BIBLIOGRAPHY

1. National Association of Student Financial Aid Administrators, *Professional Judgment in Need Analysis*, NASFAA Monograph Series, Number 7, Washington, D.C., NASFAA, 1987.

The references listed above can be obtained by contacting the publishing organization. For U.S. Department of Education addresses, see the inside back cover or the Support Booklet. For all other addresses, see the Support Booklet.

APPENDIX A

CASE STUDIES: NEED ANALYSIS USING THE PELL GRANT AND CONGRESSIONAL METHODOLOGY FORMULAS

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INTRODUCTION TO THE NEED ANALYSIS CASE STUDIES

Before Working with these Case Studies

This appendix contains three case studies. Each case study provides sufficient information to calculate the SAI and FC. Wherever specific information is not provided, you should assume that the answer is negative. For example, if nothing is said about whether the student owns a house, assume that the student does not own a house.

All necessary tables for the Pell Grant and CM fomulas are provided at the end of this appendix.

When working with the Pell formula, remember these important points:

- Always check to see if the family is eligible for the *employment expense offset*.
- Always use the *net values* of assets--the value of the asset minus any debts against that asset.
- Always use the standard rule for rounding to the nearest dollar--round down for 49 cents or less, and round up for 50 cents or more.

For Further Study of Need Analysis After Completing this Appendix

The case studies in this appendix are based on three of the case studies in *The Pell Grant Formula, 1988-89*. For further Pell case studies and more detailed information, refer to that publication. For further information on CM need analysis, see *The Congressional Methodology, 1988-89*. For CM case studies, see the *CSS Manual for Student Aid Administrators: 1988-89 Policies and Procedures* or ACT's *Handbook for Financial Aid Administrators 1988-89 Academic Year.*

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CASE 1: JESSICA SWANLAKE

Jessica Swanlake, who is 22 years old and recently divorced, lives in Wisconsin with her mother, who is also divorced. Jessica's younger brother is also a member of the household. Jessica's mother had an adjusted gross income of $12,500 in 1987, all of it earned from work. She also received $2,500 in child support and paid $1,432 in federal income tax. The family paid $600 in tuition and $200 for meals for the brother to attend a private elementary school. The family's house is worth $60,000, and there is a $20,000 mortgage against it. The family has a total of $500 in checking and savings accounts.

Jessica had $5,000 adjusted gross income in 1987 from her job as a factory office assistant, and paid $62 in federal income tax. Jessica claimed one exemption (for herself) on the 1987 tax form, and took the standard deduction rather than itemizing. (Her mother claimed her as an income tax exemption on her 1986 income tax return.)

Jessica was laid off when the factory closed. On the date Jessica filed her student aid application, she had $300 in savings. Jessica will be enrolled in a 2-year program at a community college. Because she will be taking a full course load, she only expects to earn $2,000 in 1988, most of it working in the cafeteria over the summer.

CASE 1: PELL NEED ANALYSIS

WORK SHEET A — DEPENDENT STUDENT

REGULAR FORMULA

Includes modifications for
-dislocated worker
-displaced homemaker

PARENTAL INCOME

1. 1987 TAXED INCOME (From IRS Form 1040-line 30, 1040A-line 12, 1040EZ-line 3. For non-tax filer, add 1A and 1B.) *	12,500
1A. INCOME EARNED FROM WORK BY FATHER	
1B. INCOME EARNED FROM WORK BY MOTHER	12,500
2. 1987 UNTAXED INCOME AND BENEFITS (Social Security Benefits, AFDC, Child Support, Other.) *	2,500
3. ONE-HALF OF STUDENT'S EXPECTED VETERANS EDUCATIONAL BENEFITS	0
4. **TOTAL INCOME** (Lines 1 + 2 + 3)	15,000
5. 1987 U.S. INCOME TAX PAID*	1,432
6. STATE TAX ALLOWANCE (See Table 1)	1,800
7. FAMILY SIZE OFFSET (See Table 2)	8,100
8. MEDICAL/DENTAL OFFSET (Enter amount that **exceeds** 20% of: Total income minus U.S. and State taxes.)	0
9. EMPLOYMENT EXPENSE OFFSET (Enter 50% of the lesser income from line 1A or 1B, not to exceed 1500.)	1,500
10. TUITION OFFSET (Enter the **lesser** of reported tuition paid or 3450 times children for whom tuition is paid)	600
11. **TOTAL OFFSETS** (Add lines 5, 6, 7, 8, 9, 10)	13,432
12. PARENTS' DISCRETIONARY INCOME (Line 4 minus line 11. If negative, enter as a negative number.)	1,568
ASSESSMENT RATE (See Table 3)	.11
13. **PARENTS' CONTRIBUTION FROM INCOME** (If negative, enter 0.)	172

As a single undergraduate student who was claimed by a parent as an income tax exemption, Jessica is considered dependent on her mother. *Therefore, we use the* ***Dependent Student Worksheet*** *for both the Pell and CM analysis.*

Because Jessica and her mother had a combined taxed income of $17,500, Jessica cannot use the simplified formulas. *Therefore, we use the* ***Regular Worksheet,*** *not the Simplified Worksheet, for both the Pell and CM analysis.*

6. From Table 1, the state tax allowance for Wisconsin for incomes of $15,000 or more is 12%.

10. Only the *tuition* paid for Jessica's brother at the elementary school, *not* including the cost of his meals, can be counted in the tuition offset.

* Substitute 1988 expected taxed and untaxed income if father or mother is a dislocated worker, and use Table 4 for U.S. taxes paid.

CASE 1: PELL NEED ANALYSIS (CONTINUED)

PARENTAL ASSETS

14. NET VALUE OF HOME * (Home value minus home debt)	40,000
14A. HOME ASSET RESERVE	- 30,000
14B. AVAILABLE HOME ASSETS (Line 14 minus reserve. If negative, enter 0.)	10,000
15. NET VALUE OF OTHER ASSETS (Cash + checking + savings + real estate + investments minus real estate and investment debt.)	500
15A. OTHER ASSETS RESERVE	- 25,000
15B. AVAILABLE OTHER ASSETS (Line 15 minus reserve. If negative, enter 0.)	0
16. AVAILABLE FARM/BUSINESS ASSETS (Use Supplemental Worksheet.)	0
17. TOTAL AVAILABLE PARENTAL ASSETS (Add lines 14B, 15B, and 16.)	10,000
18. BASIC CONTRIBUTION FROM ASSETS (Multiply line 17 by .05. If result is negative, enter 0.)	500
19. OFFSET FOR NEGATIVE DISCRETIONARY INCOME (If line 12 is negative, enter it as a positive number, otherwise enter 0.)	0
20. PARENTS' CONTRIBUTION FROM ASSETS (Lines 18 - 19. If negative, enter as a positive number in 20A below, and enter 0 in box 20.) **20A.**	500
21. PARENTAL CONTRIBUTION FROM INCOME AND ASSETS (Lines 13 + 20.)	672
DIVIDE BY THE NUMBER OF FAMILY MEMBERS IN COLLEGE	1
22. TOTAL PARENTAL CONTRIBUTION	672

* Do not include home assets if father or mother is a dislocated worker or a displaced homemaker.

6:)

STUDENT/SPOUSE INCOME

23. 1987 TAXED INCOME (From IRS Form 1040-line 30, 1040A-line 12, 1040EZ-line 3. For non-tax filer, add 23A and 23B.) *	2,000
23A. INCOME EARNED FROM WORK BY STUDENT	2,000
23B. INCOME EARNED FROM WORK BY SPOUSE	
24. 1987 UNTAXED INCOME AND BENEFITS (Social Security Benefits, Other.) *	0
25. TOTAL INCOME (Lines 23 + 24.)	2,000
26. 1987 U.S. INCOME TAX PAID *	0
27. OFFSET FOR NEGATIVE INCOME (Enter amount from 20A, if any, as a positive number.)	0
28. OFFSET TO STUDENT INCOME (Single = $3500, Married = $5100)	3,500
29. TOTAL OFFSETS (Add lines 26, 27, and 28.)	3,500
30. STUDENT'S DISCRETIONARY INCOME (Line 25 minus line 29. If negative, enter 0.)	0
ASSESSMENT RATE	X .75
31. STUDENT'S CONTRIBUTION FROM INCOME	0

23, 24, and 25. Jessica is considered a *dislocated worker* because she lost her job. Therefore, her 1987 income and U.S. taxes paid are *ignored.* Instead, the $2,000 she expects to earn in 1988 is used instead. Based on the expected income of $2,000, Jessica's estimated taxes for 1988 would be 0, because the standard deduction plus the exemption exceed her expected income.

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* Substitute 1988 expected taxed and untaxed income if student or spouse is a dislocated worker, and use Table 4 for U.S. taxes paid.

CASE 1: PELL NEED ANALYSIS (CONTINUED)

STUDENT/SPOUSE ASSETS	
32. NET VALUE OF HOME * (Home value minus home debt)	0
33. NET VALUE OF OTHER ASSETS (Cash + checking + savings + real estate + investments minus real estate and investment debt)	300
34. NET FARM/BUSINESS ASSETS (F/B assets minus F/B debts.)	0
35. TOTAL AVAILABLE STUDENT/SPOUSE ASSETS (Add lines 32 + 33 + 34.)	300
ASSESSMENT RATE	X .33
36. STUDENT'S CONTRIBUTION FROM ASSETS	99
37. STUDENT AID INDEX (Add lines 22 + 31 + 36.)	771

32. Jessica is considered a *dislocated worker* because she lost her job.

* Do not include home assets if student or spouse is a dislocated worker or a displaced homemaker.

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1988-89 FAMILY CONTRIBUTION FORMULA FOR A DEPENDENT STUDENT

REGULAR WORKSHEET A Page 1 of 5

PARENTS' INCOME

1. Taxable Income (Fill in only one section below--a or b or c):		
a. Tax Filers Only (Neither Parent Is a Dislocated Worker)		
Parents' 1987 Income from U.S. Income Tax Form (SAR Item 73)		a 12,500
b. Non-Tax Filers Only (Neither Parent Is a Dislocated Worker)		
Father's 1987 Income Earned from Work (SAR Item 76)		
Mother's 1987 Income Earned from Work (SAR Item 77)	+	
Total 1987 Taxable Income		= b
c. A Parent Is a Dislocated Worker		
Father's Expected 1988 Income from Work (SAR Item 86)		
Mother's Expected 1988 Income from Work (SAR Item 87)	+	
Parents' 1988 Other Taxable Income (SAR Item 88)	+	
Total 1988 Taxable Income		= c
Taxable Income (Write the amount from a OR b OR c)		1d 12,500
2. Untaxed Income (Fill in only one section below--a or b):		
a. Neither Parent Is a Dislocated Worker		
1987 Untaxed Social Security Benefits (SAR Item 78)	0	
1987 AFDC/ADC (SAR Item 79)	+ 0	
1987 Child Support Received for All Children (SAR Item 80)	+ 2,500	
1987 Other Untaxed Income and Benefits (SAR Item 81)	+ 0	
Total 1987 Untaxed Income and Benefits		= a 2,500
b. A Parent Is a Dislocated Worker		
Expected 1988 Untaxed Income and Benefits (SAR Item 89)		b
Untaxed Income (Write the amount from a OR b)		2c 2,500
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		15,000

ALLOWANCES AGAINST PARENTS' INCOME

U.S. Income Tax Paid (SAR Item 74 for 1987) (For estimated 1988 tax, see instructions, page 83)...	1,432
State and Other Tax Allowance (Table A1) ... +	1,950
Social Security Taxes:	
a. 7.15% of father's income from work (SAR Item 76 for 1987 or SAR Item 86 for 1988, not to exceed $3,132) ... +	0
b. 7.15% of mother's income from work (SAR Item 77 for 1987 or SAR Item 87 for 1988, not to exceed $3,132) ... +	894
Standard Maintenance Allowance (Table A2) ... +	10,690
Employment Expense Allowance (Two working parents: 35 percent of the lesser of the earned incomes [SAR Item 76 or 77 for 1987, SAR Item 86 or 87 for 1988], or $2,100, whichever is less. One-parent families: 35 percent of earned income, or $2,100, whichever is less) ... +	2,100
Medical/Dental Expenses (The portion of SAR Item 82 that exceeds 5% of Total Income of Parents) +	0
Elem/Jr. High/Sr. High Tuition (The lesser of SAR Item 83 or $2,450 multiplied by number of dependents tuition was paid for--SAR Item 84) ... +	600
TOTAL ALLOWANCES =	17,666
AVAILABLE INCOME (Total Income minus Total Allowances) (May be a negative number)	-2,666

CASE 1: CM NFED ANALYSIS (CONTINUED)

REGULAR WORKSHEET
A Page 2 of 5

PARENTS' ASSETS - INCOME SUPPLEMENT			
Cash, Savings, and Checking (SAR Item 92)			500
Home Value (SAR Item 93)		60,000	
Home Debt (SAR Item 94)	-	20,000	
Net Worth of Home (If negative, enter zero)*	=	40,000	+ 40,000
Other Real Estate/Investment Value (SAR Item 95)		0	
Other Real Estate/Investment Debt (SAR Item 96)	-	0	
Net Worth of Other Real Estate/Investments (If negative, enter zero)	=	0	+ 0
Business/Farm Value (SAR Item 97)		0	
Business/Farm Debt (SAR Item 98)	-	0	
Net Worth of Business/Farm (If negative, enter zero)	=	0	
Adjusted Net Worth of Business/Farm (Calculate, using Table A3)			+ 0
Net Worth			= 40,500
Asset Protection Allowance (Table A4)			- 24,900
Discretionary Net Worth			= 15,600
Asset Conversion Rate (Table A5) (Rounded to 3 decimal points)			X .12
INCOME SUPPLEMENT(May be a negative number)			= 1,872

PARENTS' CONTRIBUTION		
Available Income (from previous page)		-2,666
Income Supplement	+	1,872
Parents' Adjusted Available Income (AAI) (May be a negative number)	=	- 794
Total Parents' Contribution from AAI (Calculate, using Table A6)		- 175
Number in College (SAR Item 70)	+	1.00
PARENTS' CONTRIBUTION FOR THE STUDENT (Standard Contribution for 9-Month Enrollment)** (if negative, enter zero)	=	0

* Net worth of home is considered to be zero if either parent is a dislocated worker or a displaced homemaker.

** To recalculate Parents' Contribution for the Student for other than 9-month enrollment, see page 5 of Regular Worksheet A.

6.)

REGULAR WORKSHEET A Page 3 of 5

STUDENT/SPOUSE INCOME

1. Taxable Income (Fill in only one section below—a or b or c):		
a. Tax Filers Only (Neither Student Nor Spouse is a Dislocated Worker)		
Student's and Spouse's 1987 Income from U.S. Income Tax Form (SAR Item 31)		a
b. Non-Tax Filers Only (Neither Student Nor Spouse is a Dislocated Worker)		
Student's 1987 Income Earned from Work (SAR Item 34)		
Spouse's 1987 Income Earned from Work (SAR Item 35)	+	
Total 1987 Taxable Income		= b
c. Student or Spouse is a Dislocated Worker		
Student's Expected 1988 Income from Work (SAR Item 48)	2,000	
Spouse's Expected 1988 Income from Work (SAR Item 49)	+ 0	
Student's and Spouse's 1988 Other Taxable Income (SAR Item 50)	+ 0	
Total 1988 Taxable Income		= c 2,000
Taxable Income (Write the amount from a OR b OR c)		1d 2,000
2. Untaxed Income (Fill in only one section below—a or b):		
a. Neither Student Nor Spouse is a Dislocated Worker		
1987 Untaxed Social Security Benefits (SAR Item 36)		
1987 Other Untaxed Income and Benefits (SAR Item 39)	+	
Total 1987 Untaxed Income and Benefits		= a
b. Student or Spouse is a Dislocated Worker		
Expected 1988 Untaxed Income and Benefits (SAR Item 51)		b 0
Untaxed Income (Write the amount from a OR b)		2c 0
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		2,000

ALLOWANCES AGAINST STUDENT/SPOUSE INCOME

U.S. Income Tax Paid (SAR Item 32 for 1987) (For estimated 1988 tax, see instructions, page 83)	0
State and Local Tax Allowance (Table A7) +	120
Social Security Taxes:	
a. 7.15% of Student's income from work (SAR Item 34 for 1987 or SAR Item 48 for 1988, not to exceed $3,132) +	143
b. 7.15% of Spouse's income from work (SAR Item 35 for 1987 or SAR Item 49 for 1988 not to exceed $3,132) +	0
TOTAL ALLOWANCES	263

STUDENT CONTRIBUTION FROM INCOME

AVAILABLE INCOME (Total Income minus Total Allowances)		1,737
Assessment of Available Income	X	.70
Student Contribution from Available Income	= a	1,216
Minimum Student Contribution: $700 for first year undergraduates; $900 for all other students	b	
STUDENT CONTRIBUTION FROM INCOME Write the amount from Line a OR Line b, *whichever is greater*		1,216

REGULAR WORKSHEET
A Page 4 of 5

STUDENT SPOUSE ASSETS -- INCOME SUPPLEMENT			
Cash, Savings, and Checking (SAR Item 53)			300
Home Value (SAR Item 54)		0	
Home Debt (SAR Item 55)	-	0	
Net Worth of Home (If negative, enter zero)*	=	0	+ 0
Other Real Estate/Investment Value (SAR Item 56)		0	
Other Real Estate/Investment Debt (SAR Item 57)	-	0	
Net Worth of Other Real Estate/Investments (If negative, enter zero)	=	0	+ 0
Business/Farm Value (SAR Item 58)		0	
Business/Farm Debt (SAR Item 59)	-	0	
Net Worth of Business/Farm (If negative, enter zero)	=	0	+ 0
Net Worth			= 300
Assessment Rate			X .35
STUDENT INCOME SUPPLEMENT			= 105

FAMILY CONTRIBUTION		
PARENTS' CONTRIBUTION FOR THE STUDENT (from page A2)		0
STUDENT CONTRIBUTION FROM INCOME (from page A3)	+	1,216
STUDENT INCOME SUPPLEMENT (from above)	+	105
FAMILY CONTRIBUTION	=	1,321

* Net worth of home is considered to be zero if student or spouse is a dislocated worker or a displaced homemaker

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REGULAR WORKSHEET A Page 5 of 5

Recalculation of Parents' Contribution for Student Enrolled for LESS than 9 Months *		
Parents' Contribution for the Student (Standard Contribution for 9-Month Enrollment from page A2)		
Divide by 9	÷	9
Parents' Contribution Per Month	=	
Multiply by Number of Months Enrollment	X	
Revised Parents' Contribution for the Student for LESS than 9-Month Enrollment*	=	

Recalculation of Parents' Contribution for Student enrolled MORE than 9 Months		
a. Parents' Adjusted Available Income (AAI) (from page A2) (May be a negative number)		
b. Difference between the Standard Maintenance Allowance for a Family of Four and for a Family of Five with One in College	+	2,370
c. Revised Parents' AAI for more than 9-Month Enrollment (Line a + Line b)	=	
d. Total Parents' Contribution from Revised AAI (Calculate, using Table A6)	→	
e. Number in College (SAR Item 70)	÷	
f. Intermediate Parents' Contribution for the Student	=	
g. Standard Parents' Contribution for the Student (from page A2)	-	
h. Difference (Line f minus Line g)	=	
i. Divide by 12 Months	÷	12
j. Monthly Adjustment Amount	=	
k. Number of Months Student Will be Enrolled That Exceed 9	X	
l. Adjustment to Parents' Contribution for the Student for Months that exceed 9 (Multiply Line j by Line k)	=	
m. Standard Parents' Contribution for the Student for 9-Month Enrollment (from page A3)	+	
n. **Revised Parents' Contribution for the Student for MORE than 9-Month Enrollment***	=	

* Substitute the Revised Parents' Contribution for the Student for LESS or MORE than 9-Month Enrollment in place of the Standard Parents' Contribution for the Student on Regular Worksheet A, pages 2 and 4.

CASE 2: OEDIPA MAAS

Oedipa Maas earned $3,000 in 1987 and was not required to file an income tax return. Oedipa was an Army nurse for several years, and will receive veterans educational benefits of $376 per month for nine months to attend a technical school. She has a total of $750 in her checking and savings accounts and a $1,000 certificate of deposit. She is currently a resident of New Mexico.

WORK SHEET **B**

INDEPENDENT STUDENT

SIMPLIFIED

Do not fill in shaded areas

You may use the simplified calculation if the total taxed or earned income for the student and spouse is less than $15,000, and the student and spouse did not file a 1987 tax return, or filed a 1040A or 1040EZ.

STUDENT/SPOUSE INCOME

1. 1987 INCOME (From IRS Form 1040-line 30 1040A-line 12, 1040EZ-line 3 For non-tax filer, add 1A and 1B)	3,000
1A. AMOUNT EARNED FROM WORK BY STUDENT	3,000
1B. AMOUNT EARNED FROM WORK BY SPOUSE	
2. UNTAXED INCOME AND BENEFITS (Social Security Benefits, AFDC, Child Support, Other.)	0
3. ONE-HALF OF STUDENT'S EXPECTED VETERANS EDUCATIONAL BENEFITS	
4. **TOTAL INCOME** (Lines 1 + 2 + 3)	3,000
5. 1987 U.S INCOME TAX PAID	0
6. STATE TAX ALLOWANCE (See Table 1)	150
7. FAMILY SIZE OFFSET (See Table 2)	5,300
8. MEDICAL/DENTAL OFFSET (Enter amount that **exceeds** 20% of Total income minus U S and State taxes)	
9. EMPLOYMENT EXPENSE OFFSET (Enter 50% of the lesser income from line 1A or 1B, not to exceed 1500, if student is married or has dependents)	0
10. TUITION OFFSET (Enter the **lesser** of reported tuition paid or 3450 times children for whom tuition is paid)	
11. **TOTAL OFFSETS** (Add lines 5, 6, 7, 8 9, 10)	5,450
12. STUDENT'S DISCRETIONARY INCOME (Line 4 minus line 11 If negative, enter as a negative number)	-2,450
ASSESSMENT RATE (If no dependents other than spouse, multiply by 75 Others see Table 3)	
13. **STUDENT'S CONTRIBUTION FROM INCOME** (If negative, enter 0)	0

Oedipa is automatically considered independent because she is a veteran of the U.S. Armed Forces. *Therefore, we use the **Independent Student Worksheet** for both the Pell and CM analysis.*

Because Oedipa is a non-tax filer with a total taxed income of less than $15,000, she can use the simplified formulas. *Therefore, we use the **Simplified Worksheet**, not the Regular Worksheet, for both the Pell and CM analysis.*

5 Because she is a non-tax filer, her U.S. income tax paid is 0.

9. Oedipa does not get an employment expense offset because she is single with no dependents.

CASE 2: PELL NEED ANALYSIS (CONTINUED)

STUDENT/SPOUSE ASSETS

14. NET VALUE OF HOME (Home value minus home debt)	
OMIT IF SINGLE WITH NO DEPENDENTS **14A.** HOME ASSET RESERVE	
14B. AVAILABLE HOME ASSETS (Line 14 minus reserve. If negative, enter 0.)	
15. NET VALUE OF OTHER ASSETS (Cash + checking + savings + real estate + investments minus real estate and investment debt.)	
OMIT IF SINGLE WITH NO DEPENDENTS **15A.** OTHER ASSETS RESERVE	
15B. AVAILABLE OTHER ASSETS (Line 15 minus reserve. If negative, enter 0.)	
16. AVAILABLE FARM/BUSINESS ASSETS (If student is single with no dependents, enter total net f/b assets. Others use Supplemental Worksheet.)	
17. TOTAL AVAILABLE STUDENT/SPOUSE ASSETS (If single with no dependents, add lines 14, 15, and 16. Others add lines 14B, 15B, and 16.)	
18. BASIC CONTRIBUTION FROM ASSETS (If single with no dependents, multiply line 17 by 33. Others multiply line 17 by .05. If result is negative, enter 0.)	
19. OFFSET FOR NEGATIVE DISCRETIONARY INCOME (If line 12 is negative, enter it as a positive number, otherwise enter 0.)	
20. STUDENT'S CONTRIBUTION FROM ASSETS (Lines 18 - 19. If negative, enter 0.)	0
21. CONTRIBUTION FROM INCOME AND ASSETS (Lines 13 + 20.)	0
DIVIDE BY THE NUMBER OF FAMILY MEMBERS IN COLLEGE	
22. STUDENT AID INDEX	0

In this *Simplified Worksheet*, the student's assets are *not* considered.

Oedipa is single with no dependents. For this reason, her entire net assets would be considered available assets and would be multiplied by 33% *if* we were using the *Regular Worksheet*.

CASE 2: CM NEED ANALYSIS

1988-89 FAMILY CONTRIBUTION FORMULA - SIMPLIFIED FOR AN INDEPENDENT STUDENT WITHOUT DEPENDENTS

(Do not fill in shaded areas)

SIMPLIFIED WORKSHEET B Page 1 of 3

STUDENT INCOME			
1. Taxable Income (Fill in only one section below--a or b or c):			
a. Tax Filers Only (Student is not a Dislocated Worker)			
Student's 1987 Income from U.S. Income Tax Form (SAR Item 31)	a		
b. Non-Tax Filers Only (Student is not a Dislocated Worker)			
Student's 1987 Income Earned from Work (SAR Item 34)	b		3,000
c. Student is a Dislocated Worker			
Student's Expected 1988 Income from Work (SAR Item 48)			
Student's 1988 Other Taxable Income (SAR Item 50)	+		
Total 1988 Taxable Income	= c		
Taxable Income (Write the amount from a OR b OR c)	1d		3,000
2. Untaxed Income (Fill in only one section below--a or b):			
a. Student is not a Dislocated Worker			
1987 Untaxed Social Security Benefits (SAR Item 36)		0	
1987 Other Untaxed Income and Benefits (SAR Item 39)	+	0	
Total 1987 Untaxed Income and Benefits	= a		0
b. Student is a Dislocated Worker			
Expected 1988 Untaxed Income and Benefits (SAR Item 51)	b		
Untaxed Income (Write the amount from a OR b)	2c		0
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)			3,000

ALLOWANCES AGAINST STUDENT INCOME		
U.S. Income Tax Paid (SAR Item 32 for 1987) (For estimated 1988 tax, see instructions, page 83)		
State and Local Tax Allowance (Table B1)	+	
Social Security Taxes: 7.15% of Student's income from work (SAR Item 34 for 1987 or SAR Item 48 for 1988, not to exceed $3,132)	+	215
Maintenance Allowance ($600 per month for 3 months of NONenrollment)*	+	1,800
TOTAL ALLOWANCES	=	2,015

CONTRIBUTION FROM TAXABLE INCOME		
Taxable Income (from Line 1d)		3,000
Total Allowances	-	2,015
AVAILABLE TAXABLE INCOME (ATI) (May be a negative number)	=	985
CONTRIBUTION FROM TAXABLE INCOME (May be a negative number) (If ATI is less than 0, multiply ATI by 100%. If ATI is 0 to $8,800, multiply ATI by 70%; If ATI is $8,801 or more, CTI is $6,160 plus 90% of ATI over $8,800.)		690

* To adjust Maintenance Allowance for other than 9-month enrollment, multiply $600 by the number of months of NON-enrollment. (For example, the maintenance allowance is $0 for 12 months enrollment, or $2,400 for 8 months enrollment.)

CASE 2: CM NEED ANALYSIS (CONTINUED)

SIMPLIFIED WORKSHEET B Page 2 of 3

(Do not fill in shaded areas)

VETERANS' EDUCATIONAL BENEFITS		
Monthly amount of GI Bill and Dependents Educational Assistance benefits (SAR Item 43)		
Number of months GI Bill/DEA benefits will be received (SAR Item 44) (If SAR item 44 is more than 9, adjust to 9 months.)*	x	
Total GI Bill/DEA Benefits	= a	
Monthly amount of Veterans Contributory Benefits (VEAP) (SAR Item 45)		
Number of months Veterans' Contributory Benefits will be received (SAR Item 46) (If SAR item 46 is more than 9, adjust to 9 months.)*	x	
Total Veterans' Contributory Benefits	= b	
TOTAL VETERANS' EDUCATIONAL BENEFITS (Line a plus Line b)	=	

Because this is the *Simplified Worksheet*, Oedipa's veterans educational benefits will not be included in the CM calculation. *However, they will be treated as a resource later in the need analysis process.*

STUDENT CONTRIBUTION FROM INCOME		
Contribution from Taxable Income (CTI) (from previous page, last line)		690
Untaxed Income (from previous page, Line 2c)	+	
Total Veteran's Educational Benefits	+	
Computed Contribution from Income	=	690
Minimum Contribution from Income	=	1,200
STUDENT CONTRIBUTION FROM INCOME Write the Computed Contribution from Income or the Minimum Contribution from Income *whichever is greater*		1,200

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CASE 2: CM NEED ANALYSIS (CONTINUED)

STUDENT ASSETS - INCOME SUPPLEMENT			
Cash, Savings, and Checking (SAR Item 53)			
Home Value (SAR Item 54)			
Home Debt (SAR Item 55)	-		
Net Worth of Home (If negative, enter zero)**	=	→	+
Other Real Estate/Investment Value (SAR Item 56)			
Other Real Estate/Investment Debt (SAR Item 57)	-		
Net Worth of Other Real Estate/Investments (If negative, enter zero)	=	→	+
Business/Farm Value (SAR Item 58)			
Business/Farm Debt (SAR Item 59)	-		
Net Worth of Business/Farm (If negative, enter zero)	=		
Adjusted Net Worth of Business/Farm (Calculate, using Table B2) →			+
Net Worth	=		
Asset Protection Allowance (Table B3)	-		
Discretionary Net Worth (May be a negative number)	=		
Assessment Rate	X		.35
INCOME SUPPLEMENT (If negative, enter zero)	=		

* To adjust veterans' educational benefits for other than 9-month enrollment, multiply monthly amount of benefits (SAR Items 43/45) by the lesser of the number of months enrolled or number of months reported (SAR Items 44/46)

** Net worth of home is considered to be zero if student is a dislocated worker or a displaced homemaker.

SIMPLIFIED WORKSHEET
B Page 3 of 3

(Do not fill in shaded line)

FAMILY CONTRIBUTION		
STUDENT CONTRIBUTION FROM INCOME (from previous page)		1,200
INCOME SUPPLEMENT (from previous page)	+	
FAMILY CONTRIBUTION	=	1,200

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CASE 3: GARY MICHAELS

Gary and his wife Lindsay have two children and are residents of North Carolina. Gary earned $3,000 as a part-time mechanic in 1987, and Lindsay earned $11,000 as a respiratory therapist. Their adjusted gross income (IRS 1040 - line 30) was $14,700 and they paid $1,384 in federal income tax. Gary and Lindsay are renters, and have a total of $1,200 in checking and savings accounts, two $500 savings bonds, and another $1,000 in a mutual fund.

Their younger child had a serious operation in 1987. The total bills amounted to $8,000, and the Michaels were able to pay $3,200 in 1987. (They did not have health insurance.)

Gary is now in the second year of an undergraduate program. He is 30 years old.

WORK SHEET **B**

INDEPENDENT STUDENT

REGULAR FORMULA

Includes modifications for
-dislocated worker
-displaced homemaker

STUDENT/SPOUSE INCOME

1. 1987 TAXED INCOME (From IRS Form 1040-line 30, 1040A-line 12, 1040EZ-line 3. For non-tax filer, add 1A and 1B.) *	14,700
1A. INCOME EARNED FROM WORK BY STUDENT	3,000
1B. INCOME EARNED FROM WORK BY SPOUSE	11,000
2. 1987 UNTAXED INCOME AND BENEFITS (Social Security Benefits, AFDC, Child Support, Other.) *	0
3. ONE-HALF OF STUDENT'S EXPECTED VETERANS EDUCATIONAL BENEFITS	0
4. **TOTAL INCOME** (Lines 1 + 2 + 3)	14,700
5. 1987 U.S. INCOME TAX PAID *	1,384
6. STATE TAX ALLOWANCE (See Table 1)	1,323
7. FAMILY SIZE OFFSET (See Table 2)	10,400
8. MEDICAL/DENTAL OFFSET (Enter amount that **exceeds** 20% of Total income minus U.S. and State taxes.)	2,401
9. EMPLOYMENT EXPENSE OFFSET (Enter 50% of the lesser income from line 1A or 1B, not to exceed 1500, if student is married or has dependents.)	1,500
10. TUITION OFFSET (Enter the **lesser** of reported tuition paid or 3450 times children for whom tuition is paid.)	0
11. **TOTAL OFFSETS** (Add lines 5, 6, 7, 8, 9, 10)	17,008
12. STUDENT'S DISCRETIONARY INCOME (Line 4 minus line 11. If negative, enter as a negative number.)	-2,308
ASSESSMENT RATE (If no dependents other than spouse, multiply by .75. Others see Table 3.)	
13. **STUDENT'S CONTRIBUTION FROM INCOME** (If negative, enter 0.)	0

* Substitute 1988 expected taxed and untaxed income if student or spouse is a dislocated worker, and use Table 4 for U.S. taxes paid.

Gary is automatically independent because of his dependent children. *Therefore, we use the* ***Independent Student Worksheet*** *for both the Pell and CM analysis.*

Even though the Michaels had a combined taxed income of under $15,000, Gary cannot use the simplified formulas because he and Lindsay filed the full 1040 tax return. *Therefore, we use the* ***Regular Worksheet****, not the Simplified Worksheet, for both the Pell and CM analysis.*

8. *Calculating the Medical/Dental Offset*

Outstanding Medical/Dental Bills
= $8,000 - $3,200 = $4,800

Total Income minus U.S. and State Taxes
= $14,700 (item 4)
- 1,384 (item 5)
- 1,323 (item 6)
= 11,993

20% of $11,993 = $2,399

So the Medical/Dental Offset
= $4,800 - $2,399 = $2,401

12. The Michaels have a *negative* discretionary income. This could be used to *offset any contribution from assets.* However, the formula produces a zero contribution from assets (see item 20 on the next page), so no additional offset is needed.

STUDENT/SPOUSE ASSETS

14. NET VALUE OF HOME * (Home value minus home debt)		0
OMIT IF SINGLE WITH NO DEPENDENTS	14A. HOME ASSET RESERVE	- 30,000
	14B. AVAILABLE HOME ASSETS (Line 14 minus reserve. If negative, enter 0.)	0
15. NET VALUE OF OTHER ASSETS (Cash + checking + savings + real estate + investments minus real estate and investment debt.)		3,200
OMIT IF SINGLE WITH NO DEPENDENTS	15A. OTHER ASSETS RESERVE	- 25,000
	15B. AVAILABLE OTHER ASSETS (Line 15 minus reserve If negative, enter 0)	0
16. AVAILABLE FARM/BUSINESS ASSETS (If student is single with no dependents, enter total net f/b assets Others use Supplemental Worksheet)		0
17. TOTAL AVAILABLE STUDENT/SPOUSE ASSETS (If single with no dependents, add lines 14, 15, and 16. Others add lines 14B, 15B, and 16)		0
18. BASIC CONTRIBUTION FROM ASSETS (If single with no dependents, multiply line 17 by 33. Others multiply line 17 by .05. If result is negative, enter 0.)		0
19. OFFSET FOR NEGATIVE DISCRETIONARY INCOME (If line 12 is negative, enter it as a positive number, otherwise enter 0)		2,308
20. STUDENT'S CONTRIBUTION FROM ASSETS (Lines 18 - 19 If negative, enter 0)		0
21. CONTRIBUTION FROM INCOME AND ASSETS (Lines 13 + 20)		0
	DIVIDE BY THE NUMBER OF FAMILY MEMBERS IN COLLEGE	1
22. STUDENT AID INDEX		0

* Do not include home assets if student or spouse is a dislocated worker or a displaced homemaker.

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1988-89 FAMILY CONTRIBUTION FORMULA FOR AN INDEPENDENT STUDENT WITH DEPENDENT(S)

REGULAR WORKSHEET C Page 1 of 2

STUDENT/SPOUSE INCOME

1. Taxable Income (Fill in only one section below--a or b or c):		
a. Tax Filers Only (Neither Student Nor Spouse Is a Dislocated Worker)		
Student's and Spouse's 1987 Income from U.S. Income Tax Form (SAR Item 31)	a	14,700
b. Non-Tax Filers Only (Neither Student Nor Spouse Is a Dislocated Worker)		
Student's 1987 Income Earned from Work (SAR Item 34)		
Spouse's 1987 Income Earned from Work (SAR Item 35)	+	
Total 1987 Taxable Income	= b	
c. Student or Spouse Is a Dislocated Worker		
Student's Expected 1988 Income from Work (SAR Item 48)		
Spouse's Expected 1988 Income from Work (SAR Item 49)	+	
Student's and Spouse's 1988 Other Taxable Income (SAR Item 50)	+	
Total 1988 Taxable Income	= c	
Taxable Income (Write the amount from a OR b OR c)	1d	14,700
2. Untaxed Income (Fill in only one section below--a or b):		
a. Neither Student Nor Spouse Is a Dislocated Worker		
1987 Untaxed Social Security Benefits (SAR Item 36)		0
1987 AFDC/ADC (SAR Item 37)	+	0
1987 Child Support Received for All Children (SAR Item 38)	+	0
1987 Other Untaxed Income and Benefits (SAR Item 39)	+	0
Total 1987 Untaxed Income and Benefits	= a	0
b. Student or Spouse Is a Dislocated Worker		
Expected 1988 Untaxed Income and Benefits (SAR Item 51)	b	
Untaxed Income (Write the amount from a OR b)	2c	0
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		14,700

ALLOWANCES AGAINST STUDENT/SPOUSE INCOME

U.S. Income Tax Paid (SAR Item 32 for 1987) (For estimated 1988 tax, see instructions, page 83)		1,384
State and Other Tax Allowance (Table C1)	+	1,323
Social Security Taxes:		
a. 7.15% of Student's income from work (SAR Item 34 for 1987 or SAR Item 48 for 1988, not to exceed $3,132)	+	215
b. 7.15% of Spouse's income from work (SAR Item 35 for 1987 or SAR Item 49 for 1988, not to exceed $3,132)	+	13,200
Standard Maintenance Allowance (Table C2)	+	
Employment Expense Allowance (Student and Spouse both working: 35 percent of the lesser of the earned incomes [SAR Item 34 or 35 for 1987, SAR Item 48 or 49 for 1988], or $2,100, whichever is less. Single student: 35 percent of earned income, or $2,100, whichever is less)	+	1,050
Medical/Dental Expenses (The portion of SAR Item 40 that exceeds 5% of Total Income of Student and Spouse)	+	2,465
Elem/Jr. High/Sr. High Tuition (The lesser of SAR Item 41 or $3,450 multiplied by number of dependents tuition was paid for--SAR Item 42)	+	0
TOTAL ALLOWANCES	=	20,424
Computed Available Income (Total Income minus Total Allowances)	= a	-5,724
Minimum Available Income ($700 for first year undergraduates; $900 for all other students)	b	900
AVAILABLE INCOME Write the amount from Line a OR Line b, *whichever is greater*		900

REGULAR WORKSHEET C Page 2 of 2

VETERANS' EDUCATIONAL BENEFITS			
Monthly amount of GI Bill and Dependents Educational Assistance benefits (SAR Item 43)		0	
Number of months GI Bill/DEA benefits will be received (SAR Item 44) (If SAR Item 44 is more than 9, adjust to 9 months.)	X		
Total GI Bill/DEA Benefits	=	a	0
Monthly amount of Veterans' Contributory Benefits (VEAP) (SAR Item 45)		0	
Number of months Veterans' Contributory Benefits will be received (SAR Item 46) (If SAR item 46 is more than 9, adjust to 9 months.)	X		
Total Veterans' Contributory Benefits	=	b	0
TOTAL VETERANS' EDUCATIONAL BENEFITS (Line a plus Line b)	=		0

STUDENT ASSETS - INCOME SUPPLEMENT			
Cash, Savings, and Checking (SAR Item 53)			3,200
Home Value (SAR Item 54)		0	
Home Debt (SAR Item 55)	-	0	
Net Worth of Home (If negative, enter zero)*	=	0	+ 0
Other Real Estate/Investment Value (SAR Item 56)		0	
Other Real Estate/Investment Debt (SAR Item 57)	-	0	
Net Worth of Other Real Estate/Investments (If negative, enter zero)	=	0	+ 0
Business/Farm Value (SAR Item 58)		0	
Business/Farm Debt (SAR Item 59)	-	0	
Net Worth of Business/Farm (If negative, enter zero)	=	0	
Adjusted Net Worth of Business/Farm (Calculate, using Table C3)	+		0
Net Worth	=		3,200
Asset Protection Allowance (Table C4)	-		10,400
Discretionary Net Worth (May be a negative number)	=		-7,200
Asset Conversion Rate (Table C5) (Rounded to 3 decimal points)	X		.057
INCOME SUPPLEMENT (May be a negative number)	=		- 410

FAMILY CONTRIBUTION OF STUDENT		
Available Income (from previous page)		900
Total Veterans' Educational Benefits	+	0
Income Supplement	+	- 410
Adjusted Available Income (AAI) (May be a negative number)	=	490
Total Contribution from AAI (Calculate, using Table C6) If negative, enter zero		.22
Number in College (SAR Item 28)	+	1.00
FAMILY CONTRIBUTION	=	108

* Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker

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TABLE 1

STATE AND LOCAL TAX ALLOWANCE

STATE	PERCENT OF TOTAL INCOME		STATE	PERCENT OF TOTAL INCOME	
	$0-14,999	$15,000 or more		$0-14,999	$15,000 or more
Alabama	7%	6%	Missouri	7%	6%
Alaska	3%	2%	Montana	7%	6%
American Samoa	4%	3%	Nebraska	9%	8%
Arizona	7%	6%	Nevada	4%	3%
Arkansas	7%	6%	New Hampshire	7%	6%
California	9%	8%	New Jersey	10%	9%
Canada	9%	8%	New Mexico	5%	4%
Colorado	8%	7%	New York	14%	13%
Connecticut	8%	7%	North Carolina	9%	8%
Delaware	9%	8%	North Dakota	6%	5%
District of Columbia	11%	10%	Northern Mariana Islands	4%	3%
Federated States of Micronesia	4%	3%	Ohio	9%	8%
Florida	5%	4%	Oklahoma	7%	6%
Georgia	8%	7%	Oregon	11%	10%
Guam	4%	3%	Palau	4%	3%
Hawaii	11%	10%	Pennsylvania	9%	8%
Idaho	9%	8%	Puerto Rico	3%	2%
Illinois	8%	7%	Rhode Island	11%	10%
Indiana	7%	6%	South Carolina	9%	8%
Iowa	9%	8%	South Dakota	5%	4%
Kansas	8%	7%	Tennessee	5%	4%
Kentucky	8%	7%	Texas	4%	3%
Louisana	4%	3%	Utah	9%	8%
Maine	10%	9%	Vermont	9%	8%
Marshall Islands	4%	3%	Virgin Islands	4%	3%
Maryland	11%	10%	Virginia	9%	8%
Massachusetts	11%	10%	Washington	6%	5%
Mexico	9%	8%	West Virginia	7%	6%
Michigan	12%	11%	Wisconsin	13%	12%
Minnesota	12%	11%	Wyoming	3%	2%
Mississippi	7%	6%	Blank or invalid State	9%	8%

Multiply Total Income by the appropriate rate from table to get the State and Other Tax Allowance. Use parent or student's State of Legal Residence.

TABLE 2

FAMILY SIZE OFFSETS

1	5,300
2	6,700
3	8,100
4	10,400
5	12,300
6	13,800
7 or more	13,800 *plus 1,800 for each family member over 6*

TABLE 3

CONTRIBUTION FROM INCOME

DISCRETIONARY INCOME	EXPECTED CONTRIBUTION
$0 - 5000	11%
$5,001 - 10,000	$550 + 13% of the amount over 5,000
$10,001 - 15,000	$1,200 + 18% of the amount over 10,000
$15,001+	$2,100 + 25% of the amount over 15,000

TABLE 4
ESTIMATED 1988 TAXES

To estimate 1988 taxes for a parent or student, find the net taxable income by subtracting deductions and exemptions from adjusted gross income, as described below. Then use the appropriate tax schedule (X, Y, or Z) to calculate the tax on that amount.

1988 ESTIMATED TAXED INCOME (AGI)
- STANDARD DEDUCTION*
- EXEMPTIONS X 1900

= NET TAXABLE INCOME
(if 0, report 0 for taxes paid)

*(single=2540, married=3760)

PARENTS

If married, use Schedule Y.
If single, use Schedule Z.

STUDENTS

If married, use Schedule Y.
If single and exemptions = 1 or 0, use Schedule X
If single and more than one exemption use Schedule Z

Schedule X

If the net taxable income is: Over --	But not over --	Estimated tax is:	Of the amount over --
$0	1,800	...11%	$0
1,800	16,800	$198 + 15%	1,800
16,800	27,000	2,448 + 28%	16,800
27,000	54,000	5,304 + 35%	27,000
54,000	---------	14,754 + 38.5%	54,000

Schedule Z

If the net taxable income is: Over --	But not over --	Estimated tax is:	Of the amount over --
$0	2,500	11%	$0
2,500	23,000	$275 + 15%	2,500
23,000	38,000	3,350 + 28%	23,000
38,000	80,000	7,550 + 35%	38,000
80,000	--------	22,500 + 38.5%	80,000

Schedule Y

If the net taxable income is: Over --	But not over --	Estimated tax is:	Of the amount over --
$0	3,000	...11%	$0
3,000	28,000	$330+ 15%	3,000
28,000	45,000	4,080 + 28%	28,000
45,000	90,000	8,840 + 35%	45,000
90,000	---------	24,590 + 38.5%	90,000

TABLES FOR CM FORMULA A: DEPENDENT STUDENT

Table A1

State and Other Tax Allowance for Parents of a Dependent Student

STATE	PERCENT OF TOTAL INCOME $0-14,999	PERCENT OF TOTAL INCOME $15,000 or more	STATE	PERCENT OF TOTAL INCOME $0-14,999	PERCENT OF TOTAL INCOME $15,000 or more
Alabama	7%	6%	Missouri	7%	6%
Alaska	3%	2%	Montana	7%	6%
American Samoa	4%	3%	Nebraska	9%	8%
Arizona	7%	6%	Nevada	4%	3%
Arkansas	7%	6%	New Hampshire	7%	6%
California	9%	8%	New Jersey	10%	9%
Canada	9%	8%	New Mexico	5%	4%
Colorado	8%	7%	New York	14%	13%
Connecticut	8%	7%	North Carolina	9%	8%
Delaware	9%	8%	North Dakota	6%	5%
District of Columbia	11%	10%	Northern Mariana Islands	4%	3%
Federated States of Micronesia	4%	3%	Ohio	9%	8%
Florida	5%	4%	Oklahoma	7%	6%
Georgia	8%	7%	Oregon	11%	10%
Guam	4%	3%	Palau	4%	3%
Hawaii	11%	10%	Pennsylvania	9%	8%
Idaho	9%	8%	Puerto Rico	3%	2%
Illinois	8%	7%	Rhode Island	11%	10%
Indiana	7%	6%	South Carolina	9%	8%
Iowa	9%	8%	South Dakota	5%	4%
Kansas	8%	7%	Tennessee	5%	4%
Kentucky	8%	7%	Texas	4%	3%
Louisana	4%	3%	Utah	9%	8%
Maine	10%	9%	Vermont	9%	8%
Marshall Islands	4%	3%	Virgin Islands	4%	3%
Maryland	11%	10%	Virginia	9%	8%
Massachusetts	11%	10%	Washington	6%	5%
Mexico	9%	8%	West Virginia	7%	6%
Michigan	12%	11%	Wisconsin	13%	12%
Minnesota	12%	11%	Wyoming	3%	2%
Mississippi	7%	6%	Blank or invalid State	9%	8%

Multiply Parents' Total Income (from Worksheet A, page 1) by the appropriate rate from the table above to get the State and Other Tax Allowance. Use Parents' State of Legal Residence (SAR Item 68). If Item 68 is blank or invalid, use Student's State of Legal Residence (SAR Item 20). If both are blank or invalid, use the State in Student's Mailing Address (SAR Item 18). If all three are blank or invalid, use rates for blank or invalid State above.

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TABLES FOR CM FORMULA A: DEPENDENT STUDENT (CONTINUED)

Table A2

Standard Maintenance Allowance for Parents of a Dependent Student

Family size (including student)	Number in College				
	1	2	3	4	5
2	$ 8,580	$ 7,120	------	------	------
3	10,690	9,230	$ 7,760	------	------
4	13,200	11,730	10,270	$ 8,810	------
5	15,570	14,110	12,650	11,180	$ 8,690
6	18,220	16,750	15,290	13,820	12,360
For each additional, add	2,060	2,060	2,060	2,060	2,060
	For each additional college student, subtract $1,460				

Table A3

Business/Farm Net Worth Adjustment for Parents of a Dependent Student

If the net worth of a business or farm is--	Then the adjusted net worth is--
Less than $1	$0
$1 to $60,000	40% of Net Worth
$60,001 to $185,000	$24,000 plus 50% of Net Worth over $60,000.
$185,001 to $305,000	$86 500 plus 60% of Net Worth over $185,000
$305,001 or more	$158,500 to plus 100% of Net Worth over $305,000

TABLES FOR CM FORMULA A: DEPENDENT STUDENT (CONTINUED)

Table A4

Asset Protection Allowance for Parents of a Dependent Student

If the age of the older parent is--	And there are two parents, then the asset protection allowance is--	And there is one parent, then the asset protection allowance is--
25 or less	0	0
26	2,100	1,600
27	4,200	3,200
28	6,200	4,800
29	8,300	6,300
30	10,400	7,900
31	12,500	9,500
32	14,600	11,100
33	16,600	12,700
34	18,700	14,300
35	20,800	15,900
36	22,900	17,500
37	25,000	19,000
38	27,000	20,600
39	29,100	22,200
40	31,200	23,800
41	32,100	24,400
42	32,900	24,900
43	33,800	25,500
44	34,700	26,200
45	35,600	26,600
46	36,600	27,300
47	37,600	28,000
48	38,600	28,700
49	39,600	29,400
50	40,900	30,200
51	42,000	30,900
52	43,400	31,700
53	44,800	32,500
54	46,000	33,500
55	47,500	34,300
56	49,100	35,200
57	51,000	36,200
58	52,700	37,400
59	54,400	38,300
60	56,500	39,400
61	58,600	40,600
62	60,500	41,900
63	62,700	43,300
64	65,100	44,600
65 or more	67,500	46,000

If age of older parent is blank, use age 45 on the table.

Table A5

Asset Conversion Rate for Parents of a Dependent Student

Discretionary Net Worth	Available Income	Rate
$0 or greater	Any amount	12%
Less than $0	$0 or less	6%
Less than $0	$1 - $15,999	$6\% \times \frac{(16{,}000 - AI)}{16{,}000}$
Less than $0	$16,000 or more	0%

NOTE: Computed rate and intermediate values should be rounded to 3 decimal points.

Table A6

Total Parents' Contribution from AAI

Parents' AAI	Total Parents' Contribution from AAI
$ -3,410 or less	$ -750
-3,409 to 7,700	22% of AAI
7,701 to 9,900	$1,694 + 25% of AAI over $ 7,700
9,901 to 11,800	$2,244 + 29% of AAI over $ 9,900
11,801 to 13,800	$2,795 + 34% of AAI over $11,800
13,801 to 15,500	$3,475 + 40% of AAI over $13,800
15,501 or more	$4,155 + 47% of AAI over $15,500

Table A7

State and Local Tax Allowance for a Dependent Student

Alabama	3%
Alaska	0%
American Samoa	0%
Arizona	2%
Arkansas	4%
California	5%
Canada	4%
Colorado	3%
Connecticut	1%
Delaware	7%
District of Columbia	7%
Federated States of Micronesia	0%
Florida	[illegible]%
Georgia	4%
Guam	0%
Hawaii	6%
Idaho	5%
Illinois	3%
Indiana	3%
Iowa	4%
Kansas	3%
Kentucky	4%
Louisiana	1%
Maine	4%
Marshall Islands	0%
Maryland	6%
Massachusetts	5%
Mexico	4%
Michigan	6%
Minnesota	7%
Mississippi	3%
Missouri	3%
Montana	3%
Nebraska	3%
Nevada	0%
New Hampshire	2%
New Jersey	3%
New Mexico	2%
New York	8%
North Carolina	5%
North Dakota	2%
Northern Mariana Islands	0%
Ohio	5%
Oklahoma	3%
Oregon	7%
Palau	0%
Pennsylvania	4%
Puerto Rico	1%
Rhode Island	5%
South Carolina	5%
South Dakota	0%
Tennessee	0%
Texas	0%
Utah	4%
Vermont	4%
Virgin Islands	0%
Virginia	4%
Washington	0%
West Virginia	4%
Wisconsin	6%
Wyoming	0%
Blank or Invalid State	4%

Multiply Taxable Income of Student and Spouse (Worksheet A, page 3, Line 1d) by the appropriate rate from table to get the State and Local Tax Allowance. Use the Student's State of Legal Residence (SAR item 20). If blank or invalid, use the State in Student's Mailing Address (SAR Item 18). If mailing State is blank or invalid, use Parents' State of Legal Residence. If all three fields are blank or invalid, use rates for blank or invalid State above.

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TABLES FOR CM FORMULA B:
INDEPENDENT STUDENT WITHOUT DEPENDENTS

Table B1

State and Local Tax Allowance for Independent Student Without Dependents

State	Rate
Alabama	3%
Alaska	0%
American Samoa	0%
Arizona	2%
Arkansas	4%
California	5%
Canada	4%
Colorado	3%
Connecticut	1%
Delaware	7%
District of Columbia	7%
Federated States of Micrones	0%
Florida	0%
Georgia	4%
Guam	0%
Hawaii	6%
Idaho	5%
Illinois	3%
Indiana	3%
Iowa	4%
Kansas	3%
Kentucky	4%
Louisiana	1%
Maine	4%
Marshall Islands	0%
Maryland	6%
Massachusetts	5%
Mexico	4%
Michigan	6%
Minnesota	7%
Mississippi	3%
Missouri	3%
Montana	3%
Nebraska	3%
Nevada	0%
New Hampshire	2%
New Jersey	3%
New Mexico	2%
New York	8%
North Carolina	5%
North Dakota	2%
Northern Mariana Islands	0%
Ohio	5%
Oklahoma	3%
Oregon	7%
Palau	0%
Pennsylvania	4%
Puerto Rico	1%
Rhode Island	5%
South Carolina	5%
South Dakota	0%
Tennessee	0%
Texas	0%
Utah	4%
Vermont	4%
Virgin Islands	0%
Virginia	4%
Washington	0%
West Virginia	4%
Wisconsin	6%
Wyoming	0%
Blank or Invalid State	4%

Multiply Total Income of Student (Worksheet B, page 1, Line 1d + 2c) by the appropriate rate from table to get the State and Local Tax Allowance. Use the Student's State of Legal Residence (SAR Item 20). If blank or invalid, use the State in Student's Mailing Address (SAR Item 18). If both fields are blank or invalid, use rates for blank or invalid State above.

Table B2

Business/Farm Net Worth Adjustment for Independent Student Without Dependents

If the net worth of a business or farm is–	Then the adjusted net worth is--
Less than $1	$0
$1 to $60,000	40% of Net Worth
$60,001 to $185,000	$24,000 plus 50% of Net Worth over $60,000.
$185,001 to $305,000	$86,500 plus 60% of Net Worth over $185,000.
$305,001 or more	$158,500 to plus 100% of Net Worth over $305,000.

Table B3

Asset Protection Allowance for Independent Student Without Dependents

Age of student as of 12/31/88	Allowance
25 or less	0
26	1,600
27	3,200
28	4,800
29	6,300
30	7,900
31	9,500
32	11,100
33	12,700
34	14,300
35	15,900
36	17,500
37	19,000
38	20,600
39	22,200
40	23,800
41	24,400
42	24,900
43	25,500
44	26,200
45	26,600
46	27,300
47	28,000
48	28,700
49	29,400
50	30,200
51	30,900
52	31,700
53	32,500
54	33,500
55	34,300
56	35,200
57	36,200
58	37,400
59	38,300
60	39,400
61	40,600
62	41,900
63	43.300
64	44,600
65 or more	46,000

TABLES FOR CM FORMULA C: INDEPENDENT STUDENT WITH DEPENDENTS

Table C1

State and Other Tax Allowance for Independent Student With Dependent(s) (Including a Spouse)

STATE	PERCENT OF TOTAL INCOME $0-14,999	PERCENT OF TOTAL INCOME $15,000 or more
Alabama	7%	6%
Alaska	3%	2%
American Samoa	4%	3%
Arizona	7%	6%
Arkansas	7%	6%
California	9%	8%
Canada	9%	8%
Colorado	8%	7%
Connecticut	8%	7%
Delaware	9%	8%
District of Columbia	11%	10%
Federated States of Micronesia	4%	3%
Florida	5%	4%
Georgia	8%	7%
Guam	4%	3%
Hawaii	11%	10%
Idaho	9%	8%
Illinois	8%	7%
Indiana	7%	6%
Iowa	9%	8%
Kansas	8%	7%
Kentucky	8%	7%
Louisana	4%	3%
Maine	10%	9%
Marshall Islands	4%	3%
Maryland	11%	10%
Massachusetts	11%	10%
Mexico	9%	8%
Michigan	12%	11%
Minnesota	12%	11%
Mississippi	7%	6%
Missouri	7%	6%
Montana	7%	6%
Nebraska	9%	8%
Nevada	4%	3%
New Hampshire	7%	6%
New Jersey	10%	9%
New Mexico	5%	4%
New York	14%	13%
North Carolina	9%	8%
North Dakota	6%	5%
Northern Mariana Islands	4%	3%
Ohio	9%	8%
Oklahoma	7%	6%
Oregon	11%	10%
Palau	4%	3%
Pennsylvania	9%	8%
Puerto Rico	3%	2%
Rhode Island	11%	10%
South Carolina	9%	8%
South Dakota	5%	4%
Tennessee	5%	4%
Texas	4%	3%
Utah	9%	8%
Vermont	9%	8%
Virgin Islands	4%	3%
Virginia	9%	8%
Washington	6%	5%
West Virginia	7%	6%
Wisconsin	13%	12%
Wyoming	3%	2%
Blank or invalid State	9%	8%

Multiply Total Income of Student and Spouse (from Worksheet C, page 1) by the appropriate rate from the table to get the State and Other Tax Allowance. Use Student's State of Legal Residence (SAR Item 20) If Item 20 is blank or invalid, use the State in Student's Mailing Address (SAR Item 18). If both are blank or invalid, use rates for blank or invalid State above.

TABLES FOR CM FORMULA C:
INDEPENDENT STUDENT WITH DEPENDENTS (CONTINUED)

Table C2

Standard Maintenance Allowance for Independent Student With Dependent(s) (Including a Spouse)

Family size (including student)	Number in College				
	1	2	3	4	5
2	$ 8,580	$ 7,120	------	------	------
3	10,690	9,230	$ 7,760	------	------
4	13,200	11,730	10,270	$ 8,810	------
5	15,570	14,110	12,650	11,180	$ 8,690
6	18,220	16,750	15,290	13,820	12,360
For each additional, add	2,060	2,060	2,060	2,060	2,060
	For each additional college student, subtract $1,460				

Table C3

Business/Farm Net Worth Adjustment for Independent Student With Dependent(s) (Including a Spouse)

If the net worth of a business or farm is–	Then the adjusted net worth is–
Less than $1	$0
$1 to $60,000	40% of Net Worth
$60,001 to $185,000	$24,000 plus 50% of Net Worth over $60,000.
$185,001 to $305,000	$86,500 plus 60% of Net Worth over $185,000.
$305,001 or more	$158,500 to plus 100% of Net Worth over $305,000.

Table C4

Asset Protection Allowance for Independent Student With Dependent(s) (Including a Spouse)

Age of student as of 12/31/88	Allowance for Student and Spouse	Allowance for Single Student
25 or less	0	0
26	2,100	1,600
27	4,200	3,200
28	6,200	4,800
29	8,300	6,300
30	10,400	7,900
31	12,500	9,500
32	14,600	11,100
33	16,600	12,700
34	18,700	14,300
35	20,800	15,900
36	22,900	17,500
37	25,000	19,000
38	27,000	20,600
39	29,100	22,200
40	31,200	23,800
41	32,100	24,400
42	32,900	24,900
43	33,800	25,500
44	34,700	26,200
45	35,600	26,600
46	36,600	27,300
47	37,600	28,000
48	38,600	28,700
49	39,600	29,400
50	40,900	30,200
51	42,000	30,900
52	43,400	31,700
53	44,800	32,500
54	46,000	33,500
55	47,500	34,300
56	49,100	35,200
57	51,000	36,200
58	52,700	37,400
59	54,400	38,300
60	56,500	39,400
61	58,600	40,600
62	60,500	41,900
63	62,700	43,300
64	65,100	44,600
65 or more	67,500	46,000

Table C5

Asset Conversion Rate for Independent Student With Dependent(s) (Including a Spouse)

Discretionary Net Worth	Available Income	Rate
$0 or greater	Any amount	12%
Less than $0	$0 or less	6%
Less than $0	$1 - $15,999	$6\% \times \frac{(16{,}000 - AI)}{16{,}000}$
Less than $0	$16,000 or more	0%

NOTE: Computed rate and intermediate values should be rounded to 3 decimal points.

Table C6

Total Contribution from AAI for Independent Student Dependent(s) (Including a Spouse)

Students' AAI	Total Contribution from AAI
$ -3,410 or less	$ -750
-3,409 to 7,700	22% of AAI
7,701 to 9,900	$1,694 + 25% of AAI over $ 7,700
9,901 to 11,800	$2,244 + 29% of AAI over $ 9,900
11,801 to 13,800	$2,795 + 34% of AAI over $11,800
13,801 to 15,500	$3,475 + 40% of AAI over $13,800
15,501 or more	$4,155 + 47% of AAI over $15,500

TABLES FOR CM FORMULA C: INDEPENDENT STUDENT WITH DEPENDENTS (CONTINUED)

ESTIMATED 1988 TAXES

To estimate 1988 taxes for a parent or student, find the net taxable income by subtracting the standard deduction and exemptions from the total expected 1988 taxable income, as described below. Then use the appropriate tax schedule (X, Y, or Z) to calculate the tax on that amount.*

	TOTAL EXPECTED 1988 TAXABLE INCOME*
—	STANDARD DEDUCTION (single = 2540; married = 3760)
—	EXEMPTIONS X 1900
=	NET TAXABLE INCOME (If 0, report 0 for taxes paid)

PARENTS

If married, use Schedule Y.
If single, use Schedule Z

STUDENTS

If married, use Schedule Y.
If single and exemptions = 1 or 0, use Schedule X.
If single and more than one exemption, use Schedule Z

Schedule X

If the net taxable income is: Over --	But not Over --	Estimated tax is:	Of the amount over --
$0	1.800	... 11%	$0
1,800	16.800	$198 + 15%	1,800
16,800	27.000	2,448 + 28%	16,800
27,000	54.000	5,304 + 35%	27,000
54,000	----------	14,754 + 38.5 %	54,000

Schedule Y

If the net taxable income is: Over --	But not Over --	Estimated tax is:	Of the amount over --
$0	3,000	... 11%	$0
3,000	28,000	$330 + 15%	3,000
28.000	45,000	4,080 + 28%	28,000
45.000	90,000	8,840 + 35%	45,000
90.000	----------	24,590 + 38 5%	90,000

Schedule Z

If the net taxable income is: Over --	But not Over --	Estimated tax is:	Of the amount over --
$0	2,500	.... 11%	$0
2,500	23,000	$275 + 15%	2,500
23,000	38,000	3,350 + 28%	23,000
38,000	80,000	7,550 + 35%	38,000
80,000	———	22,500 + 38.5%	80,000

* Parents' Expected 1988 Taxable Income is the sum of Father's Expected 1988 Taxable Income (SAR Item 86), Mother's Expected 1988 Taxable Income (SAR Item 87), and Expected 1988 Other Taxable Income (SAR Item 88).

* Student/Spouse Expected 1988 Taxable Income is the sum of the Student's Expected 1988 Taxable Income (SAR Item 48), Spouse's Expected 1988 Taxable Income (SAR Item 49), and Expected 1988 Other Taxable Income (SAR Item 50).

99

APPENDIX B

SAMPLE NEED ANALYSIS OUTPUT DOCUMENTS: SAR, FAFNAR, AND FFS CONFIRMATION REPORT/CFAR

This appendix shows the following sample output documents from the central processor and two of the MDE processors:

- the SAR from the ED central processor
- the FAFNAR from the College Scholarship Service
- the FFS Confirmation Report and CFAR from the American College Testing Program

For illustrative purposes, the same sample data from the same imaginary student, Thomas Washington, were submitted to all three processors.

1988-89 Student Aid Report
Federal Student Aid Programs
Part 1 - Information Summary

OMB No. 1840-0132
Form Approved
Exp. 12/31/89

IMPORTANT: DO NOT STAPLE, TEAR OR PAPER CLIP PART 3 OF THIS FORM

THOMAS WASHINGTON — Page 1 of 3 — April 25, 1988
203 LOCKWOOD ROAD
KANSAS CITY, KS 66117 — S001,393B — SAI: 00457*

INSTRUCTIONS

This report is in response to the form you submitted to FSAP on which you applied for Federal Student Aid.

This Student Aid Report (SAR) has three parts. Part 1 is the Information Summary. Part 2 is the Information Review Form. Part 3 is the Payment Form that your school will use when calculating your award. Submit all 3 parts to the Financial Aid Office at your school immediately.

ELIGIBILITY

If the information on the back of this page is correct and you meet all other eligibility requirements, you may receive a Pell Grant in 1988-89. If you receive a Pell Grant, the amount of your award will depend on the cost of attendance at your school for a full academic year on a full time basis and on other factors.

If the information on the back of this page is not correct, use Part 2 of your SAR (Information Review Form) to change it. Follow the instructions on Part 2.

NOTE: You must complete Statements of Updated Information, Educational Purpose, Certification Statement on Refunds and Default, and Registration Status before you can receive any Federal financial aid.

VERIFICATION REQUIREMENTS

Your application has been selected for review in a process called verification. You must submit signed copies of your (and your spouse's) financial documents to your school. A verification worksheet is enclosed to assist you.

SPECIAL COMMENTS TO THE APPLICANT

To receive a Pell Grant, you must enroll in an eligible school. Check with the school you plan to attend in 1988-89 to find out if it is eligible for the Pell Grant Program.

H3EIY 1393 013616001 B O L L C I P WA 01 FC 4016*
AF 6000 ; EF 5381 : FS 5300 ; ME 0 : EE 0 : DI 81 : CI 61 ; BA 0
HA 1200 : CA 396 ; TC 457 : AC ; SC ; CS WA-01

This section contains information from your application. Use the Information Review Form (Part 2 of your SAR) to correct this information. Do not make corrections on this page.

*** STUDENT'S INFORMATION ***

1	BORN BEFORE 1-1-65?	YES
2	VETERAN OF U S ARMED FORCES?	YES
3	ORPHAN OR WARD OF COURT?	NO
4	HAVE DEPENDENTS OTHER THAN SPOUSE?	NO
5	PARENTS CLAIM AS EXEMPTION IN 1986?	
6	PARENTS CLAIM AS EXEMPTION IN 1987?	
7	PARENTS CLAIM AS EXEMPTION IN 1988?	NOT APPLICABLE
8	RESOURCES OF $4000 OR MORE IN 1985?	
9	RESOURCES OF $4000 OR MORE IN 1986?	
10	AID RECEIVED IN 1987-88?	
11	RESOURCES OF $4000 OR MORE IN 1986?	
12	RESOURCES OF $4000 OR MORE IN 1987?	
13	LAST NAME	WASHINGTON
14	FIRST NAME	THOMAS
15	MIDDLE INITIAL	
16	PERMANENT STREET ADDRESS	20[illegible] LOCKWOOD ROAD
17	CITY	KANSAS CITY
18	STATE	KS
19	ZIP CODE	66117
20	STATE OF LEGAL RESIDENCE	KS
21	DATE OF BIRTH (MM-DD-YY)	01-01-62
22	SOCIAL SECURITY NUMBER	
23	CITIZENSHIP STATUS	US CITIZEN
24	MARITAL STATUS	UNMARRIED
25	YEAR IN COLLEGE IN 1988-89	2ND
26	FIRST BACHELOR'S DEGREE BY 7-1-88?	NO
27	NUMBER OF FAMILY MEMBERS	01
28	NUMBER IN COLLEGE IN 1988-89	1
29	1987 TAX RETURN STATUS	COMPLETED 1040
30	EXEMPTIONS CLAIMED	01
31	INCOME FROM INCOME TAX FORM	$ 6,000
32	U S INCOME TAX PAID	$ 139
33	ITEMIZED DEDUCTIONS	2,795
34	STUDENT'S INCOME EARNED FROM WORK	6,000
35	SPOUSE'S INCOME EARNED FROM WORK	0
36	ANNUAL SOCIAL SECURITY BENEFITS	0
37	ANNUAL AFDC/ADC	$ 0
38	ANNUAL CHILD SUPPORT RECEIVED	$ 0
39	OTHER UNTAXED INCOME	$ 0
40	MEDICAL/DENTAL EXPENSES	$ 100
41	ELEM/JR HIGH/SR HIGH TUITION	$ 0
42	TUITION PAID FOR HOW MANY CHILDREN?	0
43	MONTHLY GI BILL VETERANS BENEFITS	$ 0
44	GI BILL VETERANS BENEFIT MONTHS	00
45	MONTHLY CONTRIB VETERANS BENEFITS	$ 200
46	CONTRIB VETERANS BENEFIT MONTHS	08
47	STUDENT/SPOUSE A DISLOCATED WORKER?	NO
48	STUDENT'S EXPECTED 1988 INCOME	$ NOT APPLICABLE –
49	SPOUSE'S EXPECTED 1988 INCOME	$ NOT APPLICABLE
50	EXPECTED 1988 OTHER TAXABLE INCOME	$ NOT APPLICABLE

51	EXPECTED 1988 UNTAXED INCOME	NOT APPLICABLE
52	STUDENT/SPOUSE DISPLACED HOMEMAKER?	NO
53	CASH SAVINGS AND CHECKING	$ 200
54	HOME VALUE	$ 50,000
55	HOME DEBT	$ 49,000
56	OTHER REAL ESTATE/INVESTMENT VALUE	$ 0
57	OTHER REAL ESTATE/INVESTMENT DEBT	$ 0
58	BUSINESS/FARM VALUE	$ 0
59	BUSINESS/FARM DEBT	$ 0
60	ASSETS INCLUDE A FARM?	NO
61	COLLEGE NAME	
62	COLLEGE CITY AND STATE	
63	SHOULD DATA BE RELEASED TO STATE?	NO
64	SHOULD DATA BE RELEASED TO COLLEGE?	NO
65	SIGNED BY	STUDENT
66	DATE SIGNED	APRIL 1, 1988

*** PARENTS INFORMATION ***

67	MARITAL STATUS	
68	STATE OF LEGAL RESIDENCE	
69	NUMBER OF FAMILY MEMBERS	
70	NUMBER IN COLLEGE IN 1988-89	
71	1987 TAX RETURN STATUS	
72	EXEMPTIONS CLAIMED	
73	INCOME FROM INCOME TAX FORM	
74	U S INCOME TAX PAID	
75	ITEMIZED DEDUCTIONS	
76	FATHER'S INCOME EARNED FROM WORK	
77	MOTHER'S INCOME EARNED FROM WORK	
78	ANNUAL SOCIAL SECURITY BENEFITS	
79	ANNUAL AFDC/ADC	
80	ANNUAL CHILD SUPPORT RECEIVED	
81	OTHER UNTAXED INCOME	
82	MEDICAL/DENTAL EXPENSES	
83	ELEM/JR HIGH/SR HIGH TUITION	
84	TUITION PAID FOR HOW MANY CHILDREN?	
85	EITHER PARENT A DISLOCATED WORKER?	
86	FATHER'S EXPECTED 1988 INCOME	
87	MOTHER'S EXPECTED 1988 INCOME	
88	EXPECTED 1988 OTHER TAXABLE INCOME	
89	EXPECTED 1988 UNTAXED INCOME	
90	EITHER PARENT DISPLACED HOMEMAKER?	
91	AGE OF OLDER PARENT	
92	CASH SAVINGS, AND CHECKING	
93	HOME VALUE	
94	HOME DEBT	
95	OTHER REAL ESTATE/INVESTMENT VALUE	
96	OTHER REAL ESTATE/INVESTMENT DEBT	
97	BUSINESS/FARM VALUE	
98	BUSINESS/FARM DEBT	
99	ASSETS INCLUDE A FARM?	

Student's Use Box

01 00457•

STATEMENT OF UPDATED INFORMATION

I certify that as of the date I sign this statement items 1 through 12, and either 27 and 28 (for independent students) or 69 and 70 (for dependent students) reflect any changes that have occurred since I applied other than any changes caused by a change in marital status

STATEMENT OF EDUCATIONAL PURPOSE/ CERTIFICATION STATEMENT ON REFUNDS AND DEFAULT

I certify that I do not owe a refund on any grant, am not in default on any loan and have not borrowed in excess of the loan limits, under the Title IV programs at any institution I will use all Title IV money received only for expenses related to my study at

____
(Name o Institution)

STATEMENT OF REGISTRATION STATUS

_____ I certify that I am registered with Selective Service

_____ I certify that I am not required to be registered with Selective Service, because

- _____ I am female
- _____ I am in the armed services on active duty (Note Does not apply to members of the Reserves and National Guard who are not on active duty)
- _____ I have not reached my 18th birthday
- _____ I was born before 1960
- _____ I am a citizen of the Federated States of Micronesia, the Marshall Islands or a permanent resident of the Trust Territory of the Pacific Islands (Palau)

______________________________ (Student's Signature) ____________ (Date)

WARNING To receive Title IV financial aid, items indicated in the Statement of Updated Information must be current information you must complete the Statement of Educational Purpose/Certification Statement on Refunds and Default and you must be registered with Selective Service if you are required to register If you purposely give false or misleading information, you may be subject to a fine of up to $10,000 imprisonment for up to 6 years or both

1988-89 Student Aid Report
Federal Student Aid Programs
Part 2 - Information Review Form

OMB No 1840 0132
Form Approved
Exp 12 31-89

Processed: 04-25-88
SAI: 00457*

Be sure to read the certification on the back of the following page. Do so now.

- Pay special attention to items in BOLDFACE TYPE, they may need to be corrected
- To correct an item, print the correct answer under the column marked "The answer should be"
- Send only this page to make corrections Do not attach tax or any other forms.

WA-01

We asked for	You told us	The answer should be

A. Student's Status

WASHINGTON, THOMAS

1	Born Before 1-1-65?	YES	1 ☐ Yes ☐ No
2	Veteran Of U S Armed Forces?	YES	2 ☐ Yes ☐ No
3	Orphan Or Ward Of Court?	NO	3 ☐ Yes ☐ No
4.	Have Dependents Other Than Spouse?	NO	4 ☐ Yes ☐ No
5	Parents Claim As Exemption In 1986?		5 ☐ Yes ☐ No
6	Parents Claim As Exemption In 1987?		6 ☐ Yes ☐ No
7	Parents Claim As Exemption In 1988?	NOT APPLICABLE	7 ☐ Yes ☐ No
8	Resources of $4000 or More in 1985?		8 ☐ Yes ☐ No
9	Resources of $4000 or More in 1986?		9 ☐ Yes ☐ No
10	Aid Received in 1987-88?		10 ☐ Yes ☐ No
11	Resources of $4000 or More in 1986?		11 ☐ Yes ☐ No
12	Resources of $4000 or More in 1987?		12 ☐ Yes ☐ No

B. Student's Information

13	Last Name	WASHINGTON	13
14	First Name	THOMAS	14
15.	Middle Initial		15
16	Permanent Street Address	203 LOCKWOOD ROAD	16
17	City	KANSAS CITY	17
18	State	KS	18
19	Zip Code	66117	19
20	State of Legal Residence	KS	20
21.	Date of Birth (MM-DD-YY)	01-01-62	21 - -
22	Social Security Number		22 - -
23	Citizenship Status	US CITIZEN	23
24	Marital Status	UNMARRIED	24
25.	Year in College in 1988-89	2ND	25
26	First Bachelor's Degree by 7-1-88?	NO	26 ☐ Yes ☐ No

C. Student's (Spouse's) Household Information

27.	Number of Family Members	01	27
28	Number in College in 1988-89	1	28

D. Student's 1987 Income, Deductions, and Benefits

29	1987 Tax Return Status	COMPLETED 1040	29
30	Exemptions Claimed	01	30
31	Income from Income Tax Form	$ 6,000	31 $ 00
32	U.S Income Tax Paid	$ 139	32 $ 00
33	Itemized Deductions	$ 2,795	33 $ 00
34	Student's Income Earned from Work	$ 6,000	34 $ 00
35	Spouse's Income Earned from Work	$ 0	35 $ 00
36.	Annual Social Security Benefits	$ 0	36 $ 00
37.	Annual AFDC/ADC	$ 0	37 $ 00
38	Annual Child Support Received	$ 0	38 $ .00
39.	Other Untaxed Income	$ 0	39 $ 00

H3EIY 1393 013616001 B D L L C I P WA 01 FC 4016*
AF 6000 ; EF 5381 ; FS 5300 ; ME 0 ; EE 0 ; DI 81 ; CI 61 ; BA 0
HA 1200 ; CA 396 ; TC 457 ; AC ; SC ; CS WA-01

Eight-88 8/20/88

We asked for	You told us		The answer should be
E. Student's Expenses			
40 Medical/Dental Expenses	$ 100	40	$ .00
41 Elem /Jr High/Sr High Tuition	$ 0	41	$ .00
42 Tuition Paid For How Many Children?	0	42	
F. Student's Veterans Benefits			
43 Monthly GI Bill Veterans Benefits	$ 0	43	$ .00
44 GI Bill Veterans Benefit Months	00	44	
45. Monthly Contrib Veterans Benefits	$ 200	45	$ .00
46 Contrib Veterans Benefit Months	08	46	
G. Student's Expected 1988 Income and Benefits (Dislocated Workers Only)			
47 Student/Spouse a Dislocated Worker?	NO	47	☐ Yes ☐ No
48 Student's Expected 1988 Income	$ NOT APPLICABLE	48	$ .00
49 Spouse's Expected 1988 Income	$ NOT APPLICABLE	49	$ .00
50. Expected 1988 Other Taxable Income	$ NOT APPLICABLE	50	$ .00
51 Expected 1988 Untaxed Income	$ NOT APPLICABLE	51	$ .00
H. Student's Asset Information			
52. Student/Spouse Displaced Homemaker?	NO	52	☐ Yes ☐ No
53 Cash, Savings, and Checking	$ 200	53	$ .00
54 Home Value	$ 50,000	54	$ .00
55 Home Debt	$ 49,000	55	$ .00
56 Other Real Estate/Investment Value	$ 0	56	$ .00
57 Other Real Estate/Investment Debt	$ 0	57	$ .00
58 Business/Farm Value	$ 0	58	$ .00
59 Business/Farm Debt	$ 0	59	$ .00
60 Assets Include a Farm?	NO	60	☐ Yes ☐ No
I. College Release and Certification			
61 College Name		61	
62. College City and State		62	
63 Should Data be Released to State?	NO	63	
64. Should Data be Released to College?	NO	64	
65 Signed by	STUDENT	65	DO NOT CHANGE
66 Date Signed	APRIL 1, 1988	66	DO NOT CHANGE

IF YOU MADE NO CHANGES

- complete the STUDENT'S USE BOX on Part 1 of your SAR
- take all parts of your SAR to your school

IF YOU NEED ANOTHER COPY

- write to Federal Student Aid Processing Center, P.O. Box 4184, Iowa City, IA 52244
- include your name and social security number

IF YOU MADE CHANGES

- sign the statement to the right
- send both pages of Part 2 to

Federal Student Aid
Processing Center
P O Box 4152
Iowa City, IA 52244

CERTIFICATION

All of the information on this SAR is true and complete to the best of my knowledge or in accordance with any adjustments, if made to the information by my financial aid administrator. If I am asked, I agree to give proof that my information is correct. This proof might include a copy of the 1987 U S. Income Tax Form filed by me or my family. I understand that if I purposely give false or misleading information on this SAR, I may be subject to a $10,000 fine, a prison sentence, or both

STUDENT____________________ DATE________

SPOUSE____________________ DATE________

School Use Only WA 01 00457*

FAA Recalculated SAI ☐☐☐☐☐

SAI Calculation Requested:
Projected Yr. Data ☐
Data Element Change ☐

Pell Inst No. ☐☐☐☐☐☐☐ FAA Signature ________________

1988 - 89 Student Aid Report

Part 3 - Pell Grant Payment Document

— FOR SCHOOL USE ONLY —

Do not staple, tear or paper clip this form
— FOLD ONLY ALONG ORIGINAL FOLDS —

FORM APPROVED
OMB NO.
Exp. date

THOMAS WASHINGTON	SSN	TRANSACTION 01
203 LOCKWOOD ROAD	DOB 01-01-62	PROCESSED 04-25-88
KANSAS CITY KS 66117	SAI 00457*	SERIAL 1393

COMMENTS REGARDING PAYMENT DATA

SCHOOL CERTIFICATION

I certify that payments to this student are correct according to Pell Grant Program regulations and statutes, instructions in the Student Financial Aid Handbook and the 1988-89 Payment Schedule.

I further certify that the student is making satisfactory academic progress in an eligible program, has signed a Statement of Updated Information, a Statement of Educational Purpose, Certification Statement on Refunds and Defaults, and a Statement of Registration Status (if required), and has provided any documents for verification (if required).

I believe that the data supplied by the student from which the Student Aid Report was produced or adjusted by me are accurate. I understand that my school is liable for incorrect payments made to the student and that if I knowingly make false or misleading statements on this report, I am subject to a fine of up to $10,000, imprisonment for up to 5 years, or both, under provisions of the United States Criminal Code (including 18 U.S.C. 1001).

SIGNED BY ______________________ DATE ______________

SCHOOL NAME ______________________________

CITY ______________________ STATE ______________

EP-09133-208 321

Part 3 - Payment Document (to be completed by the school)

1 PELL INSTITUTION ID OF CAMPUS ATTENDED

Yes

2 ACADEMIC CALENDAR

- Credit hour (nonterm)
- Quarter
- Semester
- Trimester
- Clock hour

3 COST OF ATTENDANCE (Dollars Only)

A Standard OR B Individual

4 VERIFICATION STATUS

- Not Selected
- Accurate
- Without documentation
- Tolerance
- Calculated
- Reprocessed
- Selected not verified

Verification Worksheet Completed

- Yes

5 TERM BASED SCHOOLS ONLY

A Enrollment Status

- Full Time
- Half Time
- Three-quarter Time
- Other

CLOCK HOUR NON-STANDARD TERM CREDIT HOUR SCHOOLS ONLY

B Hours expected to complete in all payment periods this award year

C Hours in school academic year

6 AMOUNT PAID TO DATE

- Recovery

7 REMAINING AMOUNT TO BE PAID

8 MONTHS IN WHICH REMAINING PAYMENTS WILL BE MADE

Number of months entered below

Jul	Jan
Aug	Feb
Sep	Mar
Oct	Apr
Nov	May
Dec	Jun

9 DATE ENROLLED THIS AWARD YEAR

8

198 7

198 8

Jul	Jan
Aug	Feb
Sep	Mar
Oct	Apr
Nov	May
Dec	Jun

10 FAA ADJUSTED SAI

- Parental Cont
- Formula
- Product
- Projected Yr Data
- Data Element
- Secondary SAI Used

THOMAS WASHINGTON
203 LOCKWOOD ROAD
KANSAS CITY KS 66117

WA 01 0457*

MAKE NO MARKS IN THIS BOX

WA23010104577

106

Eight-92

COLLEGE SCHOLARSHIP SERVICE
THE COLLEGE BOARD

FINANCIAL AID FORM NEED ANALYSIS REPORT - ACADEMIC YEAR 1988-89
CONFIDENTIAL

QUALITY CONTROL CASE BUDGET DATE - - BUDGET TIME : : COM

STUDENT'S INFORMATION

Last Name	First Name	M.I.	Social Security Number	Marital Status
WASHINGTON	THOMAS			UNMARRIED

203 LOCKWOOD ROAD
KANSAS CITY KS 66117

Telephone Number

Age	Year in College	Family Members	Number in College	Dependency Status
26	2	1	1	INDEPENDENT

PARENTS' INFORMATION

Family Status	Family Members	Total Number in College	Parents in College	Others in College

CSS

Identification Number	CSS Code
1301001	6928

Type: ORIGINAL

FAF Receipt Date	FAFNAR Date
05-05-80	05-06-80

NEED ANALYSIS COMPUTATION

		Congressional Methodology: Parents' Contribution		Congressional Methodology: Student's Contribution		Pell SAI: Parents	Pell SAI: Students
				REGULAR			REGULAR
INCOME	AGI/Taxable Income			10000			10000
	Total Untaxed Income & Benefits			0			0
	Total Income			10000			10000
ALLOWANCES	U.S. Income Tax			727			727
	State and Other Taxes KS			300			800
	F.I.C.A. Tax			715			---
	Medical & Dental Expenses			---			0
	Elementary & Secondary Tuition			---			---
	Employment Allowance			---			0
	Standard Maint. Allowance			1800			6300
	Total Allowances			3542			6827
	Available Discretionary Income			6121 V			3173
ASSETS	Cash & Bank Accounts			200			200
	Home Equity			1000			1000
	Other Real Estate & Invest. Equity			0			0
	Adj. Business & Farm Net Worth			0			0
	Net Worth			1200			1200
	Asset Protection Allowance			1600			0
	Discretionary Net Worth			-400			1200
	Conversion Percentage			35.0%			33.0%
	Income Supplement			0			---
CONTRIBUTION	Adjusted Available Income			---			---
	Total Contribution			6121			2776
	Number in College Adjustment			---			100.0%
	Contribution for Student			6121			E 2776
	Contribution from Income			6121			2380
	Contribution from Assets			0			396

V = Veterans Benefits included

	REGULAR
VA BENEFIT AMT. USED IN CM TFC	1600
AMT. TO BE USED AS A RESOURCE	0

ALTERNATE COMPUTATIONS (BASED ON REGULAR ANALYSIS)

	Student's Contribution: If Expected Year (1988-89) Resources Used	Parents' Contribution: If Income Losses Changed to Zero	Parents' Contribution: If Home Equity Based on U.S.E.D. Multiplier
Congressional Methodology	6096	---	---
Pell SAI	2750	---	---

U.S.E.D. REJECT CODES

EXPENSE BUDGETS AND ESTIMATES OF NEED

Housing: OFF-CAMPUS HOUSING

CONGRESSIONAL METHODOLOGY		1	2	3	Adjustments
Expense Budget	Duration of Budget	9 MOS			
	Tuition & Fees				
	Books and Supplies				
	Living Expenses				
	Total Expenses				
Total Contribution From	Student	6121			
	Parents				
	Family	6121			
Estimated Financial Need					
Estimated Awards	Pell Grant				
	State				

UNIFORM METHODOLOGY		1	2	3	Adjustments
Total Expenses					
Total Contribution From	Student	5917			
	Parents				
	Family	5917			
Estimated Financial Need					

U.S. DEPARTMENT OF EDUCATION (Title IV) VERIFICATION

PELL GRANT PROGRAM

Released to Pell	Original SAI	Current Analysis Type (Parents / Student's)	Subsequent SAI
NO	E 2776	REGULAR	

MONTHLY PARENTS' /STUDENT'S CONTRIBUTION ADJUSTMENT (CM)

1 - 8 Months	
More than 9 Months	

8/20/89

BEST COPY AVAILABLE

8/20/88

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6928

WASHINGTON THOMAS

SECTION A - STUDENT'S IDENTIFICATION INFO

Date of Birth (4)	Title (6)	State of Residence (7a)	Date of Residence (7b)
01-01-62	1	KS	01-62

SECTION B - STUDENT'S OTHER INFORMATION

U.S. Citizen (8a)	Alien Registration Number (8b)	Marital Status (9)	High School Code (10)	Enrollment Status (11)	Year in College (12)	Study Code (13)	Date Completion of Degree (14)	Bachelor Degree 7-1-88 (15)	Previous Colleges (16a)	Previous College Codes (16b)	Dislocated Worker (18)	Displaced Homemaker (19)
YES		UNMARRIED		FULL	2ND	02	05-91	NO	YES		NO	NO

SECTION G - STUDENT'S STATUS

Born Before 1-1-65? (45a)	U.S. Veteran? (45b)	Parents Dead? (45c)	Legal Dependents? (45d)	Tax Exemption (46) 1986?	Tax Exemption (46) 1987?	Federal Aid 87-88? (47)	Resources (48) 1985?	Resources (48) 1986?	Resources (49) 1986?	Resources (49) 1987?	Tax Exemption 1988? (50)
YES	YES	NO	NO								

SECTION H - STUDENT'S HOUSEHOLD

Family Members (53)	Number in College (54)
1	1

SECTIONS H & I - PARENT'S HOUSEHOLD & OTHER

Family Members (51)	Number in College (52)	Parents in College (61)	Marital Status (58)

SECTIONS H & I (continued)

Age Older Parent (59)	State of Residence (60)	Dislocated Worker (62)	Displaced Homemaker (63)

SECTIONS C & J - 1987 INCOME & EXPENSE INFORMATION

	U.S. Tax Figures (20/64)	Number of Exemptions (21/65)	IRS Income (AGI) (22/66)	U.S. Income Tax Paid (23/67)	Itemized Deductions (24/68)	Income from Work (25-69 & 26/70) Student	Income from Work Spouse	Untaxed Income & Benefits Social Security	AFDC/ADC	Child Support	Other
Student & Spouse	COMP 1040	1	10000	727	2795	10000	0	0	0	0	0
Parents						Father	Mother				

SECTIONS C & J (continued)

Medical & Dental Expenses (28/72)	Elementary & Secondary Tuition (29a/b & 73a/b)	1988 Total Expected Income & Benefits (37-40/74-77)
100	0/0	10000

SECTIONS D & L - ASSET INFORMATION

	Cash, Savings & Checking (30/78)	Home (31/79 & 84) Worth	Home Owed	Home Year	Home Price	Other Real Estate (32/80) Worth	Other Real Estate Owed	Investments (81) Worth	Investments Owed	Business and Farm (33/82) Worth	Business and Farm Owed	Farm? (34/83)
Student & Spouse	200	50000	49000			0	0			0	0	NO
Parents												

SECTIONS E & F - STUDENT'S (& SPOUSE'S) EXPECTED INCOME & BENEFITS (7-1-88 to 6-30-89)

G.I. Bill (35) Amount	G.I. Bill Months	VEAP (36) Amount	VEAP Months		Earnings (41-42) Student	Earnings Spouse	Other Taxable Income (43)	Untaxed Income & Benefits (44)
0		200	8	Summer	2500	0	0	0
				School year	7500	0	0	0

SECTION N - STUDENT'S FINANCIAL AID PREFERENCES

Financial Aid (86) from	Financial Aid through	Work or Loan? (87)	Loan Default? (88)	Owe Refund? (89)	GSL Interest (90)	GSL Unpaid Balance (91a)	GSL Recent Balance (91b)	GSL Interest Rate (91c)	GSL Loan Period (91d) from	GSL Loan Period through	GSL Class Level (91e)
09-88	05-89	LOAN	NO	NO	YES	0					

SECTION O - STUDENT'S COLLEGES & PROGRAMS & OTHER INFORMATION

Other College Codes (92)	Tape Only Agency (93)	FAF Signatures & Date	Other Information?
6334		Student YES; Student's Spouse NO; Father NO; Mother NO; Date Completed 04-19-88	Section M NO; Section P NO; Business/Farm NO

CSS HAS MADE THE FOLLOWING COMPUTATION ASSUMPTIONS:

11. STUDENT=TAX FILER

3

Eight-93

ACT

1988-89 FFS - CONFIRMATION REPORT

PAGE 2 - Correction/Extra Request Form

A

THOMAS WASHINGTON
203 LOCKWOOD RD
KANSAS CITY, KS 66117

Be sure to read the instructions on the back of this report and all of the information on page 1.

04/27/88

STUDENT'S INFORMATION

Our question	Your answer		The answer should be
Social Security Number		6	
Date of Birth	01/01/62	7	
U S Citizen?	YES	8	
Marital Status	UNMARRIED	9	
Spouse in College?	UNMARRIED	10	
State of Legal Residence	KS	11	
Bachelor's Degree?	NO	13	
College Year	2ND	14	
Dislocated Worker?	NO	15a	
Displaced Homemaker?	NO	15b	
STUDENT'S STATUS			
Born before 1-1-65?	YES	16a	
U S Veteran?	YES	16b	
Orphan/Ward of Court?	NO	16c	
Legal Dependents?	NO	16d	
Parents Claim as Tax Exemption in 1986?		17a	
Parents Claim as Tax Exemption in 1987?		17b	
Rec'd Fed Student Aid in 87-88?		18	
Income over $3,999 in 1985?		19a	
Income over $3,999 in 1986?		19b	
Income over $3,999 in 1986?		20a	
Income over $3,999 in 1987?		20b	
Parents will claim in 1988?		21	
STUDENT'S (& SPOUSE'S) GENERAL INFORMATION			
Family Size	01	22	
Family Members in College	1	23	
PARENTS' GENERAL INFORMATION			
Marital Status		26	
Age of Older Parent		27	
State of Legal Residence		28	
Family Size		29	
Family Members in College		30	
Parents in College		31	
Dislocated Worker?		32a	
Displaced Homemaker?		32b	

INCOME INFORMATION FOR 1987

Our question	Parents' Your answer		Parents' The answer should be	Student/Spouse Your answer		Student/Spouse The answer should be
Return Completed		33		YES-1040	58	
Tax Exemptions		34		01	59	
IRS Adjusted Gross Income		35		10000	60	
U S Income Tax Paid		36		727	61	
Itemized Deductions		37		2795	62	
Income from Work by Father/Student		38		10000	63	
Income from Work by Mother/Spouse		39		0	64	
Social Security Benefits		40		0	65	
AFDC or ADC Benefits		41		0	66	
Child Support		42		0	67	
Other Untaxed Income		43		0	68	
Medical/Dental Expenses		44		100	24	
Elem, Jr & H S Tuition Amount		45a		0	25a	
Elem, Jr & H S Tuition For # children		45b		0	25b	
INCOME INFORMATION FOR 1988						
Income from work by Father/Student		46		10000	69	
Income from work by Mother/Spouse		47		0	70	
Other Taxable Income		48		0	71	
Untaxed Income		49		0	72	
ASSET INFORMATION						
Cash, Savings & Checking		50		200	73	
Home Value		51		50000	74	
Home Debt		52		49000	75	
Other Real Estate & Investments Value		53		0	76	
Other Real Estate & Investments Debt		54		0	77	
Business/Farm Value		55		0	78	
Business/Farm Debt		56		0	79	
Have Farm?		57		NO	80	

ESTIMATED STUDENT RESOURCES for the 1988-89 school year

Our question	Your answer		The answer should be
Student's Earnings Summer 88	2500	81	
Student's Earnings School Yr	7500	82	
Spouse's Earnings Summer 88	0	83	
Spouse's Earnings School Yr	0	84	
Other Taxable Income	0	85	
GI Bill Benefits Amount	0	86a	
GI Bill Benefits Months	00	86b	
VEAP Benefits Amount	200	87a	
VEAP Benefits Months	08	87b	
Other Untaxed Income	0	88	
FFS Signed By	A		

ADDITIONAL OR CORRECTED REPORT REQUESTS

B

I want additional or corrected reports sent to the following colleges or programs. I am enclosing the correct fee printed below for the number of reports I want ACT to send.

I certify that the information on this Confirmation Report is true and complete to the best of my knowledge.

NAME OF COLLEGE OR PROGRAM (PLEASE PRINT)	CITY	STATE	ACT CODE	LIVING ARRANGEMENTS (SEE CODES BELOW)		FEE
					One Report-	$4.00
					Two Reports-	$7.00
					Three Reports-	$10.00
					Four Reports-	$13.00
					Five Reports-	$16.00

SIGNATURE: ____________ DATE ________

Note: Additional and corrected report requests must be received at ACT by June 1 1989

LIVING ARRANGEMENT CODES (APPLIES ONLY TO COLLEGES): P=With Parents, C=Campus Housing, O=Off Campus

ACT USE ONLY

I E M A B F P C

CR MSG 1 2 3

CFAR MSG 1 2 3 4

453314281 MAS *S*

A4B4F5G2 00004

7201 0 0   20206/6673/002   *S*

\# \# 81170   0000A   +0000   N

7201 MIDDLE STATE UNIVERSITY 0 04/27/88 04/27/88 ORIGINAL NO

WASHINGTON THOMAS
203 LOCKWOOD RD
KANSAS CITY, KS 66117

202061/6673/002

A. STUDENT'S INFORMATION

DATE OF BIRTH	01/01/62
AGE AS OF 12 31 88	26
CITIZENSHIP	YES
ALIEN REGISTRATION NUMBER	
MARITAL STATUS	UNMARRIED
SPOUSE	UNMARRIED
STATE	KS
	01/62
BACHELOR'S DEGREE	NO
	2ND
	NO
	NO

B. STUDENT STATUS

BORN BEFORE	YES
VETERAN	YES
ORPHAN/WARD	NO
LEGAL DEPENDENTS	NO
PARENTS' CLAIM 1986	
1987	
FEDERAL AID 1987-88	
$4000 RESOURCES 1985	
1986	
$4000 RESOURCES 1986	
1987	
PARENTS' CLAIM 1988	

C. INDEP STUDENT INFO.

NUMBER OF FAMILY MEMBERS	01
NUMBER IN COLLEGE	1

D. PARENTS' GENERAL INFO

MARITAL STATUS	
AGE OF OLDER PARENT	
LEGAL STATE	
NUMBER OF FAMILY MEMBERS	
TOTAL NUMBER IN COLLEGE	
PARENTS IN COLLEGE	
DISLOCATED WORKER	
DISPLACED HOMEMAKER	

INCOME AND EXPENSES

1987	E PARENTS	H STUDENT
TAX RETURN FILED		Y-1040
TAX EXEMPTIONS		01
ADJUSTED GROSS INCOME		10000
U.S. INCOME TAX PAID		727
ITEMIZED DEDUCTIONS		2795
FATHER/STUDENT EARNINGS		10000
MOTHER/SPOUSE EARNINGS		0
SOCIAL SECURITY BENEFITS		0
AFDC		0
CHILD SUPPORT		0
OTHER UNTAXED INCOME		0
MEDICAL DENTAL EXPENSE		100
ELEM. SC. TUITION		0
FOR HOW MANY CHILDREN		0

1988	F PARENTS	L STUDENT
FATHER/STUDENT EARNINGS		10000
MOTHER/SPOUSE EARNINGS		0
OTHER TAXABLE INCOME		0
UNTAXED INCOME		0

K 1988-89 ESTIMATED STUDENT INCOME

STUDENT EARNINGS	SUM 2500	ACAD. YEAR	7500
SPOUSE EARNINGS	0		0
OTHER TAXABLE INCOME			0
G.I.B.	$ 0	month/ 00	
BY VEAP	$ 200	month/ 08	
UNTAXED INCOME			0

ASSETS

		G PARENTS	J STUDENT
CASH, CHECKING AND SAVINGS ACCOUNTS			200
HOME	VALUE		50000
	DEBT		49000
REAL ESTATE INVESTMENTS	VALUE		0
	DEBT		0
BUSINESS AND FARM	VALUE		0
	DEBT		0
	INCLUDES FARM		NO

M. OTHER STUDENT INFORMATION

SELF-HELP AID PREFERENCE	BOTH
GSL WANTED	FROM / TO
NO. OF COLLEGES PREVIOUSLY ATTENDED	ONE

IN DEFAULT ON A LOAN: GSL/FISL	PLUS/ALAS	NDSL	OTHER	OWE REPAYMENT: FEDERAL GRANT	STATE GRANT
NO	NO	NO	NO	NO	NO

NUMBER OF DEPENDENT CHILDREN	0
THEIR AGES	
ACT CODE OF MOST LIKELY COLLEGE	1407
COLLEGE TERMS THAT AID IS REQUESTED	X
1988 COLLEGE CLASSIFICATION	CONTINUING
PLANNED ENROLLMENT STATUS	FULL-TIME
MAJOR PROGRAM OF STUDY	ARCHITECTURE
EXPECTED GRADUATION DATE	05/91
FFS SIGNED BY	A
DATE FFS SIGNED	04/14/88

CONGRESSIONAL METHOD NEED ANALYSIS (FOR 9 MONTHS)

DEPENDENCY STATUS: INDEPENDENT - NO DEPENDENTS

ANALYSIS TYPE	REGULAR
TAX YEAR BASIS	1987
TOTAL TAXABLE INCOME	10000
TOTAL UNTAXED INCOME	0
TOTAL INCOME	10000
FEDERAL INCOME TAX	727
SOCIAL SECURITY TAX ALLOWANCE	715
STATE & OTHER TAX ALLOWANCE	300
MEDICAL DENTAL EXPENSE ALLOWANCE	—
EMPLOYMENT EXPENSE ALLOWANCE	—
ELEM SECONDARY TUITION ALLOWANCE	—
STANDARD MAINTENANCE ALLOWANCE	1800
AVAILABLE TAXABLE INCOME	6458
	4521
TOTAL UNTAXED INCOME	1600
AVAILABLE INCOME CALCULATED	6121
AVAILABLE INCOME USED	6121
CASH, CHECKING & SAVINGS ACCOUNTS	200
HOME EQUITY	1000
OTHER REAL ESTATE INVESTMENT EQUITY	0
ADJUSTED BUS/FARM NET WORTH	0
NET WORTH FOR COMPUTATION	1200
ASSET PROTECTION ALLOWANCE	1600
	-400
ASSET CONVERSION RATE	35.0
INCOME SUPPLEMENT	0
ADJUSTED AVAILABLE INCOME	—
TOTAL CONTRIBUTION	—
NUMBER IN COLLEGE	—

STUDENT CONTRIBUTION 6121*

OTHER CALCULATIONS

STUDENT CONTRIBUTION

FROM INCOME	FROM ASSET		
6121	0	N/A	N/A

PELL SAI 2776 EST.

UNIFORM METHODOLOGY

PARENTS' CONTR.	
STUDENT CONTR.	5910
TOTAL CONTR.	5910

08 U.S.E.D. VERIFICATION REQUIRED: 0
108 U.S.E.D. REJECT CODES: 55.

BUDGET ANALYSIS

	BASIC
BUDGET LENGTH MONTHS	08 MO
BUDGET TUITION FEES & BOOKS	1100
MAINTENANCE COSTS	2500
TOTAL BUDGET	3600
CONTRIBUTION: PARENTS	
STUDENTS	5701
TOTAL FAMILY CONTRIBUTION	5701
AID ELIGIBILITY OF FEDERAL FUNDS ARE IN PACKAGE	0
ESTIMATED 1988-89 PELL GRANT (FULL-TIME STUDENT)	0

ESTIMATED PELL GRANT AWARDS ARE BASED ON THE PELL GRANT BUDGETS CALCULATED BY ACT

****

COMMENTS

*** THE ORIGINAL FFS WAS RECEIVED BY ACT ON 04/25/88.
111 RECHECK ITEMS 104-108 FOR VALIDITY AT YOUR INSTITUTION.
112 OUT-OF-STATE FEE USED IN BUDGET ANALYSIS.
128 THIS STUDENT'S STANDARD GSL DATA ARE INCOMPLETE.

APPENDIX C

DEPENDENCY OVERRIDE

✦ **Circumstances in Which the Aid Administrator *Must* Change the Student's Status from *Independent* to *Dependent*:** A student who meets the definition of an independent student (see pages 17 and 18) as:

- ✧ a graduate or professional student;
- ✧ a married student; or
- ✧ a single undergraduate with at least $4,000 in resources for each of the two relevant calendar years;

may *not* be treated as an independent student in 1988-89 *if* he or she was:

- ✧ treated as an independent student in the 1987-88 award year; *and*
- ✧ claimed as a dependent for income tax purposes for 1987 by any other individual (other than a spouse).

The aid administrator *must* override the independent status of such students.

✦ **Circumstances in Which the Aid Administrator *May* Change the Student's Status from *Dependent* to *Independent*:** An aid administrator may override a dependent student's status on the basis of professional judgment (see page 18).

Dependency Override Procedures for the AFSA and ED Central Processor

The AFSA Correction Application can be used:

- ✧ as the *original* aid application--the "first transaction" (the Correction Application may *only* be used as an original application when a dependency override is needed); or
- ✧ to *change* the dependency status of a student who has already submitted an aid application. The SAR may *not* be used to change dependency status.

You should direct the student to fill out Step 1 of the AFSA (the dependency questions) with the correct information. Then, tell the student to disregard the instructions and fill out:

- ✧ the red areas (changing from independent to dependent); or
- ✧ the gray areas (changing from dependent to independent).

You should then complete the *override code* (Step 6 of the AFSA) with:

Dept of Ed Use Only	C
Do not write in this box	9 9 9 9 9 9 3 7 I

- ✧ your institution's 6-digit Pell Institution Number*
- ✧ the middle two digits of the student's Social Security Number
- ✧ the correct code letter:
  - "I" for independent to dependent
  - "D" for dependent to independent

*If your school has no Pell ID number, fill in only the last 3 slots of the override code--the students' middle two Social Security Number digits and the code letter. Attach a note to the application explaining that your institution has no Pell ID number.

The AFSA may now be mailed to the central processor. When the student's SAR is received, there will be several indicators of the dependency status override:

- a comment on Part 1
- the override code at the bottom of the first page of Parts 1 and 2
- the name of the overriding institution in "College Name" on Parts 1 and 2

If the dependency override is not the original application, a student may have both dependent and independent SARs. You should be sure to use the new, valid SAR with its payment document. With transfer students whose status was changed to independent through a prior professional judgment override, the aid administrator at the new institution must decide whether to treat the student as dependent or independent.

Dependency Override Procedures for MDE Processors

CSS (Financial Aid Form) and ACT (Family Financial Statement) are processing dependency status overrides on the original application, provided that it is accompanied by a request form or letter signed by an authorized school official. The SARs received from these applications will already reflect the student's override status.

ISSC and PHEAA are not processing dependency status overrides on the original application. After receiving the SAR, use the AFSA Correction Application to override.

After the first transaction, overrides submitted to any MDE processor will not be transmitted to the central processor. To override the dependency status used in calculating the SAI on the SAR, such overrides should always include the submission of an AFSA Correction Application to the central processor.

Example of a Dependency Override

Billy B. Nett is a 23-year-old graduate student who qualified under the independent student definition for the 1987-88 academic award year (under point 5 on page 18). However, he became ill during the school year, dropped out of school, and resigned from his job. When Billy applied for aid for the 1988-89 academic year, he signed the certification statement that his parents would not claim him on their 1988 income tax forms.

Joan Briggs, the financial aid administrator, is familiar with Billy's case. She receives his 1988-89 SAR, flagged for verification. She requests Billy's 1987 IRS 1040A but receives a Statement of Non-Filing. At this point, she requests Billy's parents' 1987 tax forms and discovers that his mother claimed Billy as an income tax exemption because she had provided more than 50% support during 1987 for expenses related to his illness.

Ms. Briggs informs Billy that he must correct his dependency status (from independent to dependent) because he was claimed as an exemption on his mother's tax form (someone other than a spouse). Ms. Briggs, Billy, and his mother now complete their respective sections of the AFSA Correction Application and send it off to the central processor for a dependency override and a new, valid SAR.

APPENDIX D

RECALCULATING THE FC FOR PERIODS OF ENROLLMENT OTHER THAN 9 MONTHS

The following recalculations are covered in this appendix:

- dependent student's *parental contribution*
- independent student's *maintenance allowance*
- independent student's *veterans benefits*

Dependent Student's Parental Contribution

For a dependent student, the parental contribution *must be recalculated* for periods of enrollment other than 9 months. The worksheets for recalculating the parental contribution are shown on page 57 in Appendix A. The recalculated parental contribution is then used in place of the standard 9-month figure for recalculating the FC. (The dependent student's own contribution from income and assets is *not* recalculated.)

An independent (with dependents) student's family contribution *may* be recalculated using the dependent student model.

Independent (Without Dependents) Student's Maintenance Allowance

For periods of enrollment other than 9 months, the maintenance allowance *must be modified* for independent students *without* dependents.

Use this formula:	**$600**	x	**Number of Months of Nonenrollment**	=	**Modified Maintenance Allowance**

The modified maintenance allowance is then used in place of the 9-month figure for recalculating the FC.

Independent Student's Veterans Benefits

For periods of enrollment other than 9 months, veterans benefits *must* be modified for *all* independent students, but *only* when using the full data element (regular) formula.

Use this formula:	**$VA per month**	x	**Lesser of Number of Months Enrolled or Number of Months Reported**	=	**Modified VA Benefits**

The modified VA benefits figure is then used in place of the 9-month figure for recalculating the FC. If the student is enrolled for *less* than 9 months *and* has reported VA benefits for the same number of months for which he or she is enrolled, do not recalculate.

APPENDIX E

VETERANS EDUCATIONAL BENEFITS: TREATMENT AS A RESOURCE AND ESTIMATED FINANCIAL ASSISTANCE

The regulations for the *campus-based programs* require that veterans educational benefits not already included in a student's Congressional Methodology FC be included as a *resource*, to be subtracted from the cost of attendance, when determining the student's eligibility for campus-based aid.

Veterans educational benefits that are not already included in a student's FC must also be considered as *estimated financial assistance* when determining a student's eligibility for a *Stafford Loan*.

✦ **Dependent Students:** A dependent student's FC does not include any veterans educational benefits. Veterans are automatically considered to be independent for the purposes of Title IV aid. Therefore, dependent students will have no veterans educational benefits to be counted as a resource or as estimated financial assistance.

✦ **Independent Students Using the Simplified Formulas:** The simplified formulas do not take veterans educational benefits into account. Therefore, 100% of these benefits will be counted as a resource or estimated financial assistance for independent students using the simplified formulas.

✦ **Unmarried Independent Students Without Dependents:** The regular full-data FC formula for these students includes 100% of any veterans educational benefits. Therefore, none of these benefits will be counted as a resource or estimated financial assistance for unmarried independent students without dependents.

✦ **Independent Students With Dependents (Including a Spouse):** The regular full-data FC formula for independent students with a spouse and/or other dependents includes *only a portion* of the student's veterans educational benefits. Therefore, the amount of these benefits to be counted as a resource or estimated financial assistance will need to be determined as follows:

$$\text{VA Educational Benefits to be Counted as a Resource or Estimated Financial Assistance} = \text{Total VA Educational Benefits} \times \left[1 - \frac{22\%}{\text{No. in College}}\right]$$

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☆ U.S. GOVERNMENT PRINTING OFFICE : 1988 O - 222-546 (Book #9)

REGIONAL OFFICES OF STUDENT FINANCIAL ASSISTANCE

REGION I
(CT, ME, MA, NH, RI, VT)

Office of Student Financial Assistance
U.S. Department of Education
J.W. McCormack Post Office and Courthouse
5 Post Office Square, Room 510
Boston, Massachusetts 02109
(617) 223-9338

REGION II
(NJ, NY, PR, VI, CANAL ZONE)

Office of Student Financial Assistance
U.S. Department of Education
26 Federal Plaza, Room 3954
New York, New York 10278
(212) 264-4426

REGION III
(DE, DC, MD, PA, VA, WV)

Office of Student Financial Assistance
U.S. Department of Education
3535 Market Street, Room 16200
Philadelphia, Pennsylvania 19104
(215) 596-0247

REGION IV
(AL, FL, GA, KY, MS, NC, SC, TN)

Office of Student Financial Assistance
U.S. Department of Education
101 Marietta Tower, Suite 2203
Atlanta, Georgia 30323
(404) 331-4171

REGION V
(IL, IN, MI, MN, OH, WI)

Office of Student Financial Assistance
U.S. Department of Education
401 South State Street, Room 700-D
Chicago, Illinois 60605
(312) 353-8103

REGION VI
(AR, LA, NM, OK, TX)

Office of Student Financial Assistance
U.S. Department of Education
1200 Main Tower Building, Room 2150
Dallas, Texas 75202
(214) 767-3811

REGION VII
(IA, KS, MO, NE)

Office of Student Financial Assistance
U.S. Department of Education
10220 North Executive Hills Blvd., 9th Floor
P.O. Box 901381
Kansas City, Missouri 64190
(816) 891-8055

REGION VIII
(CO, MT, ND, SD, UT, WY)

Office of Student Financial Assistance
U.S. Department of Education
1961 Stout Street, 3rd Floor
Denver, Colorado 80294
(303) 891-3676

REGION IX
(AZ, CA, HI, NV, AS, GUAM, PACIFIC ISLANDS)

Office of Student Financial Assistance
U.S. Department of Education
50 United Nations Plaza, Room 270
San Francisco, California 94102
(415) 556-5689

REGION X
(AK, ID, OR, WA)

Office of Student Financial Assistance
U.S. Department of Education
2901 Third Avenue, Room 100
Seattle, Washington 98121
(206) 442-0493