

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2659 Session of
1992

INTRODUCED BY VEON, BELFANTI, DeWEESE, BLAUM, COLAIZZO,
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WILLIAMS, GIGLIOTTI, JOSEPHS, OLASZ, ADOLPH, PRESTON, RITTER,
LEVANSKY AND DURHAM, MAY 6, 1992

REFERRED TO COMMITTEE ON EDUCATION, MAY 6, 1992

AN ACT

1 Amending the act of August 7, 1963 (P.L.549, No.290), entitled,
2 as amended, "An act creating the Pennsylvania Higher
3 Education Assistance Agency; defining its powers and duties;
4 conferring powers and imposing duties on the Governor,
5 President Pro Tempore of the Senate, Speaker of the House of
6 Representatives, Superintendent of Public Instruction and the
7 Department of Auditor General; and making appropriations,"
8 providing for financial need analysis.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. Section 2.1 of the act of August 7, 1963
12 (P.L.549, No.290), referred to as the Pennsylvania Higher
13 Education Assistance Agency Act, is amended by adding
14 definitions to read:

15 Section 2.1. Definitions.--The following words and phrases
16 when used in this act shall have, unless the context clearly

indicates otherwise, the meanings given to them in this section:

"Agency." The Pennsylvania Higher Education Assistance Agency.

"Assets." Cash on hand, including the amount in checking and savings accounts, time deposits, money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters and the value of real estate, income producing property and business and farm assets.

"Family contribution." With respect to any student, the amount which the student and his family may be reasonably expected to contribute toward the student's postsecondary education for the award year for which the determination is made, as determined in accordance with this act.

"Net assets." The current market value at the time of application of assets, minus the outstanding liabilities or indebtedness against the assets.

"Parents first." With respect to a student, any student who does not meet the students first definition.

"Public assistance." Income maintenance programs, including aid to families with dependent children under a State plan approved under Part A of Title IV of the Social Security Act (Public Law 74-271, 42 U.S.C. § 601 et seq.) and aid to dependent children.

* * *

"Standard income contribution." The amount the student is expected to contribute to the student's postsecondary educational expenses which equals:

(1) Nine hundred dollars (\$900) for first year undergraduate students who use the parents first model.

(2) One thousand one hundred dollars (\$1,100) for all

students who use the parents first model who are not described in clause (1).

(3) One thousand three hundred and fifty dollars (\$1,350) for all students who use one of the students first models.

"Students first." With respect to a student, an individual who:

(1) Is 24 years of age or older by July 1 of the award year.

(2) Is an orphan or ward of the court.

(3) Is a veteran of the armed forces of the United States.

(4) Is a graduate or professional student.

(5) Has legal dependents other than a spouse.

(6) Is a student for whom a financial aid administrator makes a documented determination that the student meets the students first requirements by reason of other unusual circumstances.

"Total income."

(1) Except as provided in clause (2), equals adjusted gross income plus untaxed income and benefits for the preceding tax year minus excludable income.

(2) No portion of any student financial assistance received from any program by an individual shall be included as income in the computation of expected family contribution for any program funded in whole or in part under this act.

"Untaxed income and benefits." When applied to contributions calculated under the parents first or students first models under this act, includes all of the following:

(1) Child support received.

(2) Welfare benefits, including aid to families with dependent children under a State plan approved under Part A of Title IV of the Social Security Act (Public Law 74-271, 42

1 U.S.C. § 601 et seq.) and aid to dependent children.

2 (3) Workmen's compensation.

3 (4) Veterans' benefits such as death pension, dependency and
4 indemnity compensation, but excluding veterans' education
5 benefits.

6 (5) Interest on tax-free bonds.

7 (6) Housing, food and other allowances, excluding rent
8 subsidies for low-income housing, for military, clergy and
9 others, including cash payments and cash value of benefits.

10 (7) Cash support or any money paid from any source to the
11 student on the student's behalf.

12 (8) The amount of earned income credit claimed for Federal
13 income tax purposes.

14 (9) Untaxed portion of pensions.

15 (10) Credit for Federal tax on special fuels.

16 (11) The amount of foreign income excluded for purposes of
17 Federal income taxes.

18 (12) Untaxed Social Security benefits.

19 (13) Payments to individual retirement accounts and Keogh
20 accounts excluded from income for Federal income tax purpose.

21 (14) Any other untaxed income and benefits, such as black
22 lung benefits, refugee assistance, railroad retirement benefits
23 or noneducational benefits under the Job Training Partnership
24 Act (Public Law 97-300, 29 U.S.C. § 1501 et seq.).

25 Section 2. The act is amended by adding sections to read:

26 Section 4.4. Need Analysis.--The need and eligibility of a
27 student for a grant under this act shall be determined in
28 accordance with sections 4.5, 4.6, 4.7 and 4.8.

29 Section 4.5. Elements Used in Determining Expected Family
30 Contribution.--The following shall be considered in determining

the expected family contribution:

(1) Either the available income of the student and the student's spouse or the student and the student's spouse and the student's parents, in the case of a student using the parents first model.

(2) The number of dependents in the family of the student.

(3) The number of family members who are enrolled in, on at least a halftime basis, a program of postsecondary education and for whom the family may reasonably be expected to contribute to the family members' postsecondary education, except that:

(i) In the case of the parents first model, only the dependent children of the parents are included.

(ii) In the case of the students first models, the student, spouse and dependents of the student are included.

(4) The net assets of either the student and the student's spouse, or the student and the student's spouse and the student's parents, in the case of a student using the parents first model.

(5) The marital status of the student.

(6) The age of either the older parent, in the case of a student using the parents first model or the student, in the case of a student using a students first model.

(7) The additional expenses incurred in the case of a student using the parents first model, when both parents of the student are employed or when the family is headed by a single parent who is employed or, in the case of a student using a students first model, when both the student and the student's spouse are employed or when the employed student qualifies as a surviving spouse or as a head of a household under section 2 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C.

1 § 2).

2 (8) The standard income contribution and the student's
3 veterans' educational benefits.

4 Section 4.6. Eligibility for Parents First Model.--(a) For
5 each student using the parents first model, the expected family
6 contribution is equal to the sum of the following:

7 (1) The parents' contribution, determined in accordance with
8 subsection (b).

9 (2) The student contribution from income, determined in
10 accordance with subsection (g).

11 (3) The student and the student's spouse contribution from
12 assets, determined in accordance with subsection (h).

13 Notwithstanding any other provision of this section, a family
14 receiving public assistance, or a family with a parents' earned
15 income less than the earned income limitation under section 32
16 of the Internal Revenue Code of 1986 (Public Law 99-514, 26
17 U.S.C. § 32) at the time of application shall be considered to
18 have a zero family contribution.

19 (b) The parents' contribution from adjusted available income
20 is equal to the amount determined by:

21 (1) Computing adjusted available income by adding:

22 (i) the parents' available income, determined in accordance
23 with subsection (c); and

24 (ii) the parents' income supplemental amount from assets,
25 determined in accordance with subsection (d).

26 (2) Assessing the adjusted available income in accordance
27 with the assessment schedule set forth in subsection (e).

28 (3) Dividing the assessment resulting under clause (2) by
29 the number of the dependent children of the parent who will be
30 attending, on at least a halftime basis, a program of

postsecondary education during the award period for which
assistance under this act is requested.

The amount determined under this subsection shall not be less
than zero.

(c) (1) The parents' available income is determined by
deducting from total income the following:

(i) Federal income taxes.

(ii) An allowance for State and other taxes, determined in
accordance with clause (2).

(iii) An allowance for Social Security taxes, determined in
accordance with clause (3).

(iv) An income protection allowance, determined in
accordance with clause (4).

(v) An employment expense allowance, determined in
accordance with clause (5).

(2) The allowance for State and other taxes is equal to an
amount determined by multiplying total income by a percentage as
follows:

(i) If parent's total income is less than fifteen thousand
dollars (\$15,000), nine per cent.

(ii) If parent's total income is fifteen thousand dollars
(\$15,000) or more, eight per cent.

(3) The allowance for Social Security taxes is equal to the
amount earned by each parent multiplied by the social security
withholding rate appropriate to the tax year of the earnings, up
to the maximum statutory Social Security tax withholding amount
for that same tax year.

(4) The income protection allowance is the amount of
expenses that would be associated with support of an individual
or family and above which income could be considered to be

1 available for educational expenses, as determined by the agency.

2 (5) The employment expense allowance is determined as
3 follows:

4 (i) If both parents were employed in the year for which
5 their income is reported and both have their incomes reported in
6 determining the expected family contribution, the allowance is
7 equal to the lesser of two thousand one hundred dollars (\$2,100)
8 or thirty-five per cent of the earned income of the parent with
9 the lesser earned income.

10 (ii) If a parent qualifies as a head of household as defined
11 in section 2 of the Internal Revenue Code of 1986, the allowance
12 is equal to the lesser of two thousand one hundred dollars
13 (\$2,100) or thirty-five per cent of his earned income.

14 (d) (1) Except as provided in clause (5), the parent's
15 income supplemental amount from assets is equal to:

16 (i) the parental net worth determined in accordance with
17 clause (2); minus

18 (ii) the asset protection allowance, determined in
19 accordance with clause (3), except that the resulting amount
20 shall not be less than zero; multiplied by

21 (iii) the asset conversion rate, determined in accordance
22 with clause (4).

23 (2) The parental net worth is calculated by adding the
24 following:

25 (i) The current balance of checking and savings accounts and
26 cash on hand.

27 (ii) The net value of investments and real estate, including
28 the net value in the principal place of residence, except that
29 the value of the principal place of residence is determined in
30 accordance with clause (6).

(iii) The adjusted net worth of a business, computed on the basis of the net worth of the business, determined in accordance with the following table:

Adjusted Net Worth of a Business

<u>If the net worth (NW)</u> <u>of a business is:</u>	<u>Then the adjusted</u> <u>net worth is:</u>
<u>Less than \$1</u>	<u>\$0</u>
<u>\$1 - \$75,000</u>	<u>40% of NW</u>
<u>\$75,001 - \$225,000</u>	<u>\$30,000 plus 50% of</u> <u>NW over \$75,000</u>
<u>\$225,001 - \$370,000</u>	<u>\$105,000 plus 60% of</u> <u>NW over \$225,000</u>
<u>\$370,001 or more</u>	<u>\$192,000 plus 100%</u> <u>of NW over</u> <u>\$370,000</u>

(iv) The adjusted net worth of a farm, computed on the basis of the net worth of the farm, determined in accordance with the following table:

Adjusted Net Worth of a Farm

<u>If the net worth (NW)</u> <u>of a farm is:</u>	<u>Then the adjusted</u> <u>net worth is:</u>
<u>Less than \$1</u>	<u>\$0</u>
<u>\$1 - \$75,000</u>	<u>35% of NW</u>
<u>\$75,001 - \$225,000</u>	<u>\$26,250 plus 45% of</u> <u>NW over \$75,000</u>
<u>\$225,001 - \$370,000</u>	<u>\$93,750 plus 55% of</u> <u>NW over \$225,000</u>
<u>\$370,001 or more</u>	<u>\$173,500 plus 95%</u> <u>of NW over</u> <u>\$370,000</u>

(3) The asset protection allowance is calculated according to the following table:

Asset Protection Allowances for Families and Students

<u>If the age of the oldest</u>	<u>And there are</u>	
<u>parent is:</u>	<u>two parents</u>	<u>one parent</u>
	<u>then the asset protection</u>	
	<u>allowance is:</u>	

<u>25 or less.....</u>	<u>\$0</u>	<u>\$0</u>
<u>26.....</u>	<u>2,300</u>	<u>1,700</u>
<u>27.....</u>	<u>4,500</u>	<u>3,300</u>
<u>28.....</u>	<u>6,800</u>	<u>5,000</u>
<u>29.....</u>	<u>9,000</u>	<u>6,700</u>
<u>30.....</u>	<u>11,300</u>	<u>8,400</u>
<u>31.....</u>	<u>13,600</u>	<u>10,000</u>
<u>32.....</u>	<u>15,800</u>	<u>11,700</u>
<u>33.....</u>	<u>18,100</u>	<u>13,400</u>
<u>34.....</u>	<u>20,300</u>	<u>15,100</u>
<u>35.....</u>	<u>22,600</u>	<u>16,700</u>
<u>36.....</u>	<u>24,900</u>	<u>18,400</u>
<u>37.....</u>	<u>27,100</u>	<u>20,100</u>
<u>38.....</u>	<u>29,400</u>	<u>21,800</u>
<u>39.....</u>	<u>31,600</u>	<u>23,400</u>
<u>40.....</u>	<u>33,900</u>	<u>25,100</u>
<u>41.....</u>	<u>34,800</u>	<u>25,700</u>
<u>42.....</u>	<u>35,700</u>	<u>26,200</u>
<u>43.....</u>	<u>36,400</u>	<u>26,800</u>
<u>44.....</u>	<u>37,300</u>	<u>27,300</u>
<u>45.....</u>	<u>38,300</u>	<u>28,000</u>
<u>46.....</u>	<u>39,300</u>	<u>28,700</u>
<u>47.....</u>	<u>40,300</u>	<u>29,200</u>

1	<u>48.....</u>	<u>41,600</u>	<u>29,900</u>
2	<u>49.....</u>	<u>42,700</u>	<u>30,600</u>
3	<u>50.....</u>	<u>43,800</u>	<u>31,400</u>
4	<u>51.....</u>	<u>45,200</u>	<u>32,100</u>
5	<u>52.....</u>	<u>46,300</u>	<u>32,900</u>
6	<u>53.....</u>	<u>47,800</u>	<u>33,700</u>
7	<u>54.....</u>	<u>49,300</u>	<u>34,700</u>
8	<u>55.....</u>	<u>50,500</u>	<u>35,500</u>
9	<u>56.....</u>	<u>52,100</u>	<u>36,400</u>
10	<u>57.....</u>	<u>53,700</u>	<u>37,500</u>
11	<u>58.....</u>	<u>55,700</u>	<u>38,300</u>
12	<u>59.....</u>	<u>57,400</u>	<u>39,500</u>
13	<u>60.....</u>	<u>59,100</u>	<u>40,600</u>
14	<u>61.....</u>	<u>61,200</u>	<u>41,700</u>
15	<u>62.....</u>	<u>63,400</u>	<u>42,900</u>
16	<u>63.....</u>	<u>65,300</u>	<u>44,100</u>
17	<u>64.....</u>	<u>67,600</u>	<u>45,400</u>
18	<u>65 or more.....</u>	<u>69,900</u>	<u>46,900</u>

19 (4) The asset conversion rate is twelve per cent.

20 (5) For purposes of determining the income supplemental
21 amount from assets, for families who have total income which is
22 equal to or less than \$20,000 and who, at the time of
23 application, have filed a 1040A or 1040EZ pursuant to the
24 Internal Revenue Code of 1986 or are not required to file under
25 the Internal Revenue Code of 1986, the income supplemental
26 amount from assets is zero.

27 (6) (i) For purposes of determining the value of the
28 principal place of residence, the value shall be the lesser of:

29 (A) the current market value; or

30 (B) two times the total income or the home equity allowance,

as determined by the agency, whichever is greater.

(ii) The net value of the principal place of residence is determined by subtracting outstanding liabilities or indebtedness against the assets from the value described in subclause (i).

(e) The adjusted available income, as determined under clause (1) of subsection (b), is assessed according to the following table:

Parents' Assessment From Adjusted Available Income (AAI)

<u>If AAI is:</u>	<u>Then the</u>
	<u>assessment is:</u>
<u>Less than \$3,409</u>	<u>\$750</u>
<u>\$3,409 - \$9,300</u>	<u>22% of AAI</u>
<u>\$9,301 - \$11,600</u>	<u>\$2,046 + 25% of</u>
	<u>AAI over \$9,300</u>
<u>\$11,601 - \$14,000</u>	<u>\$2,621 + 29% of</u>
	<u>AAI over \$11,600</u>
<u>\$14,001 - \$16,300</u>	<u>\$3,317 + 34% of</u>
	<u>AAI over \$14,000</u>
<u>\$16,301 - \$18,700</u>	<u>\$4,099 + 40% of</u>
	<u>AAI over \$16,300</u>
<u>\$18,701 or more</u>	<u>\$5,059 + 47% of</u>
	<u>AAI over \$18,700</u>

(f) (1) Parental income and assets for a student whose parents are divorced or separated are determined under the following procedures:

(i) Include the income and assets of both parents regardless of whom the student resides with.

(ii) If subclause (i) does not apply, include only the income and assets of the parent who provided the greater portion

of the student's support for the twelve-month period preceding the date of application.

(iii) If neither subclause (i) nor (ii) apply, include only the income and assets of the parent who provided the greater support during the most recent calendar year for which parental support was provided.

(2) Parental income and assets in the case of the death of any parent is determined as follows:

(i) If either of the parents have died, the student shall include only the income and assets of the surviving parent.

(ii) If both parents have died, the student shall not report any parental income or assets.

(3) In the case of a parent whose income and assets are taken into account under clause (1), or a parent who is a widow or widower and whose income and assets are taken into account under clause (2), and who has remarried, the income and assets of that parent's spouse shall be included in determining the student's expected family contribution if:

(i) the student's parent and the stepparent are married as of the date of application for the award year concerned; and

(ii) the student does not qualify under the students first definition.

(g) The student contribution from available income under this section is equal to:

(1) a standard income contribution of nine hundred dollars (\$900) for a first-year undergraduate student; or

(2) a standard income contribution of one thousand one hundred dollars (\$1,100) for any other student.

(h) (1) The student's and spouse's contribution from assets is equal to:

(i) the student's and spouse's net worth, determined in accordance with clause (2); multiplied by

(ii) the asset conversion rate, determined in accordance with clause (3).

The student's and spouse's contribution from assets shall not be less than zero.

(2) The student's net worth is calculated by adding the following:

(i) The current balance of checking and savings accounts and cash on hand.

(ii) The net value of investments and real estate, including the net value in the principal place of residence, except that the value of the principal place of residence is determined in accordance with clause (4).

(iii) The adjusted net worth of a business, computed on the basis of the net worth of the business, determined in accordance with the following table:

Adjusted Net Worth of a Business

<u>If the net worth (NW)</u>	<u>Then the adjusted</u>
<u>of a business is:</u>	<u>net worth is:</u>
<u>Less than \$1</u>	<u>\$0</u>
<u>\$1 - \$75,000</u>	<u>40% of NW</u>
<u>\$75,001 - \$225,000</u>	<u>\$30,000 plus 50% of</u>
	<u>NW over \$75,000</u>
<u>\$225,001 - \$370,000</u>	<u>\$105,000 plus 60% of</u>
	<u>NW over \$225,000</u>
<u>\$370,001 or more</u>	<u>\$192,000 plus 100%</u>
	<u>of NW over</u>
	<u>\$370,000</u>

(iv) The adjusted net worth of a farm, computed on the basis

of the net worth of the farm, determined in accordance with the following table:

Adjusted Net Worth (NW) of a Farm

<u>If the net worth (NW)</u>	<u>Then the adjusted</u>
<u>of a farm is:</u>	<u>net worth is:</u>
<u>Less than \$1</u>	<u>\$0</u>
<u>\$1 - \$75,000</u>	<u>35% of NW</u>
<u>\$75,001 - \$225,000</u>	<u>\$26,250 plus 45% of</u>
	<u>NW over \$75,000</u>
<u>\$225,001 - \$370,000</u>	<u>\$93,750 plus 55% of</u>
	<u>NW over \$225,000</u>
<u>\$370,001 or more</u>	<u>\$173,500 plus 95%</u>
	<u>of NW over</u>
	<u>\$370,000</u>

(3) The asset conversion rate is thirty-five per cent.

(4) (i) For purposes of determining the value of the principal place of residence, such value shall be the lesser of:

(A) the current market value; or

(B) two times the total income or the home equity allowance, as determined by the agency, whichever is greater.

(ii) The net value of the principal place of residence is determined by subtracting outstanding liabilities or indebtedness against the assets from the value described in subclause (i).

(i) For periods of enrollment other than nine months, the parents' contribution from adjusted available income is determined as follows:

(1) For periods of enrollment less than nine months, the parents' contribution from adjusted available income, determined in accordance with subsection (b), is divided by nine and the

1 result multiplied by the number of months enrolled.

2 (2) For periods of enrollment greater than nine months:

3 (i) The parents' adjusted available income, determined in
4 accordance with clause (1) of subsection (b), is increased by
5 the difference between the income protection allowance,
6 determined in accordance with clause (4) of subsection (c), for
7 a family of four and a family of five, each with one child in
8 college.

9 (ii) The resulting revised parents' adjusted available
10 income is assessed according to subsection (e) and adjusted
11 according to clause (3) of subsection (b) to determine a revised
12 parents' contribution from adjusted available income.

13 (iii) The original parents' contribution from adjusted
14 available income is subtracted from the revised parents'
15 contribution from adjusted available income, and the result is
16 divided by twelve to determine the monthly adjustment amount.

17 (iv) The original parents' contribution from adjusted
18 available income is increased by the product of the monthly
19 adjustment amount multiplied by the number of months greater
20 than nine for which the student will be enrolled.

21 (j) For periods of enrollment other than nine months, the
22 student's contribution is adjusted based on individual
23 circumstances.

24 Section 4.7. Eligibility for Students First Model Without
25 Dependent Children.

26 (a) For each student using the students first model, the
27 expected family contribution is determined by:

28 (1) Dividing the student's and the spouse's contribution
29 from income, determined in accordance with subsection (b), by
30 the number of family members who will be attending, on at least

1 a halftime basis, a program of postsecondary education during
2 the award period for which assistance under this act is
3 requested, except that the student, and the student's spouse's,
4 contribution from income shall not be less than the standard
5 income contribution of one thousand three hundred fifty dollars
6 (\$1,350).

7 (2) Dividing the student's and the spouse's contribution
8 from assets, determined in accordance with subsection (c), by
9 the number of family members who will be attending, on at least
10 a halftime basis, a program of postsecondary education during
11 the award period for which assistance under this act is
12 requested.

13 (3) Adding the resulting figures except that a family
14 receiving public assistance at the time of application shall be
15 considered to have a zero family contribution.

16 (4) Adding veterans' benefits.

17 (b) (1) The student's and the spouse's contribution from
18 income is determined by deducting the following from total
19 income:

20 (i) Federal income taxes.

21 (ii) An allowance for State and local income taxes,
22 determined in accordance with clause (2).

23 (iii) The allowance for Social Security taxes, determined in
24 accordance with clause (3).

25 (iv) An income protection allowance determined in accordance
26 with clause (4).

27 (v) Assessing the available income in accordance with clause
28 (5), except the resulting amount may not be less than zero.

29 (2) The allowance of State and local income taxes is equal
30 to an amount determined by multiplying total taxable income by

1 four per cent.

2 (3) The allowance for Social Security taxes is equal to the
3 amounts earned by the student and the student's spouse, each
4 multiplied by the Social Security withholding rate appropriate
5 to the tax year of the earnings, up to the maximum statutory
6 Social Security tax withholding amount for that same tax year.

7 (4) The income protection allowance is the amount of
8 expenses that would be associated with support of an individual
9 or family and above which income could be considered to be
10 available for educational expenses. The income protection
11 allowance is a monthly allowance for periods of nonenrollment.
12 The income protection allowance is determined by the following
13 table:

<u>Income Protection Allowance</u>		
<u>Student marital status</u>	<u>Number in college</u>	
	<u>Student</u>	<u>Student and</u>
	<u>only</u>	<u>spouse</u>
<u>Unmarried</u>	<u>\$5,185</u>	<u>-</u>
<u>Married</u>	<u>\$10,370</u>	<u>\$ 8,600</u>

20 (5) The student's and the spouse's available income,
21 determined in accordance with clause (1) of this section, is
22 assessed at seventy per cent.

23 (c) (1) The student's and the spouse's contribution from
24 assets is equal to:

25 (i) the student's and the spouse's net worth, determined in
26 accordance with clause (2); minus

27 (ii) the asset protection allowance, determined in
28 accordance with clause (3); multiplied by

29 (iii) the asset conversion rate, determined in accordance
30 with clause (4).

The student's and the spouse's contribution from assets shall not be less than zero.

(2) The student's net worth is calculated by adding:

(i) The current balance of checking and savings accounts and cash on hand.

(ii) The net value of investments and real estate, including the net value in the principal place of residence, except that the value of the principal place of residence is determined in accordance with clause (5).

(iii) The adjusted net worth of a business, computed on the basis of the net worth of the business, determined in accordance with the following table:

Adjusted Net Worth of a Business

<u>If the net worth (NW)</u>	<u>Then the adjusted</u>
<u>of a business is:</u>	<u>net worth is:</u>
<u>Less than \$1</u>	<u>\$0</u>
<u>\$1 - \$75,000</u>	<u>40% of NW</u>
<u>\$75,001 - \$225,000</u>	<u>\$30,000 plus 50% of</u>
	<u>NW over \$75,000</u>
<u>\$225,001 - \$370,000</u>	<u>\$105,000 plus 60% of</u>
	<u>NW over \$225,000</u>
<u>\$370,001 or more</u>	<u>\$192,000 plus 100%</u>
	<u>of NW over</u>
	<u>\$370,000</u>

(iv) The adjusted net worth of a farm, computed on the basis of the net worth of the farm, determined in accordance with the following table:

Adjusted Net Worth of a Farm

<u>If the net worth (NW)</u>	<u>Then the adjusted</u>
<u>of a farm is:</u>	<u>net worth is:</u>

1	<u>Less than \$1</u>	<u>\$0</u>
2	<u>\$1 - \$75,000</u>	<u>35% of NW</u>
3	<u>\$75,001 - \$225,000</u>	<u>\$26,250 plus 45% of</u>
4		<u>NW over \$75,000</u>
5	<u>\$225,001 - \$370,000</u>	<u>\$93,750 plus 55% of</u>
6		<u>NW over \$225,000</u>
7	<u>\$370,001 or more</u>	<u>\$173,500 plus 95%</u>
8		<u>of NW over</u>
9		<u>\$370,000</u>

10 (3) The asset protection allowance is calculated according
11 to the following table:

12	<u>Asset Protection Allowances for</u>	
13	<u>Students without Dependents</u>	
14	<u>If the age of the</u>	<u>Then the asset protection</u>
15	<u>Student is:</u>	<u>allowance is:</u>
16	<u>25 or less.....</u>	<u>\$0</u>
17	<u>26.....</u>	<u>1,700</u>
18	<u>27.....</u>	<u>3,300</u>
19	<u>28.....</u>	<u>5,000</u>
20	<u>29.....</u>	<u>6,700</u>
21	<u>30.....</u>	<u>8,400</u>
22	<u>31.....</u>	<u>10,000</u>
23	<u>32.....</u>	<u>11,700</u>
24	<u>33.....</u>	<u>13,400</u>
25	<u>34.....</u>	<u>15,100</u>
26	<u>35.....</u>	<u>16,700</u>
27	<u>36.....</u>	<u>18,400</u>
28	<u>37.....</u>	<u>20,100</u>
29	<u>38.....</u>	<u>21,800</u>
30	<u>39.....</u>	<u>23,400</u>

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

27 (4) The asset conversion rate is thirty-five per cent.

28 (5) (i) For purposes of determining the value of the
29 principal place of residence, the value shall be the lesser of:

30 (A) the current market value; or

1 (B) two times the total income or the home equity allowance,
2 as determined by the agency, whichever is greater.

3 (ii) The net value of the principal place of residence is
4 determined by subtracting outstanding liabilities or
5 indebtedness from the value described in subclause (i).

6 (d) For periods of enrollment other than nine months, the
7 student's contribution is adjusted based on individual
8 circumstances.

9 Section 4.8. Eligibility for Students First Model With
10 Dependent Children.--(a) For each student using the students
11 first model, the expected family contribution is equal to the
12 amount determined by:

13 (1) Computing adjusted available income by adding:

14 (i) the family's available income, determined in accordance
15 with subsection (b); and

16 (ii) the family's income supplemental amount from assets,
17 determined in accordance with subsection (c).

18 (2) Assessing the adjusted available income in accordance
19 with an assessment schedule set forth in subsection (d).

20 (3) Dividing the assessment resulting under clause (2) by
21 the number of family members who will be attending, on at least
22 halftime basis, a program of postsecondary education during the
23 award period for which assistance under this act is requested,
24 except that the amount determined under this subsection shall
25 not be less than the standard income contribution of one
26 thousand three hundred fifty dollars (\$1,350) and a family
27 receiving public assistance at the time of application shall be
28 considered to have a zero family contribution.

29 (4) Adding veterans' benefits.

30 (b) (1) The family's available income is determined by

deducting the following from total income:

(i) Federal income taxes.

(ii) An allowance for State and other taxes, determined in accordance with clause (2).

(iii) An allowance for Social Security taxes, determined in accordance with clause (3).

(iv) An income protection allowance, determined in accordance with clause (4).

(v) An employment expense allowance determined in accordance with clause (5).

The resulting available income shall not be less than zero.

(2) The allowance for State and other taxes is equal to an amount determined by multiplying total income by a percentage as follows:

(i) If the student's total income is less than fifteen thousand dollars (\$15,000), nine per cent.

(ii) If the student's total income is fifteen thousand dollars (\$15,000) or more, eight per cent.

(3) The allowance for Social Security taxes is equal to the amount earned by the student and the amount earned by the student's spouse, each multiplied by the Social Security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory Social Security tax withholding amount for that same tax year.

(4) The income protection allowance is the amount of expenses that would be associated with support of an individual or family and above which income could be considered to be available for educational expenses. The income protection allowance shall be determined by the agency.

(5) The employment expense allowance is determined as

1 follows:

2 (i) If both the student and a spouse were employed in the
3 year for which their income is reported and both have their
4 incomes reported in determining the expected family
5 contribution, the allowance is equal to the lesser of two
6 thousand one hundred dollars (\$2,100) or thirty-five per cent of
7 the earned income of the student or spouse with the lesser
8 earned income.

9 (ii) If a student qualifies as a head of household as
10 defined in section 2 of the Internal Revenue Code of 1986
11 (Public Law 99-514, 26 U.S.C. § 2), the allowance is equal to
12 the lesser of two thousand one hundred dollars (\$2,100) or
13 thirty-five per cent of his earned income.

14 (c) (1) The family's income supplemental amount from assets
15 is equal to:

16 (i) the family net worth, determined in accordance with
17 clause (2); minus

18 (ii) the asset protection allowance, determined in
19 accordance with clause (3), except that the resulting amount
20 shall not be less than zero; multiplied by

21 (iii) the asset conversion rate, determined in accordance
22 with clause (4).

23 (2) The family net worth is calculated by adding the
24 following:

25 (i) The current balance of checking and savings accounts and
26 cash on hand.

27 (ii) The net value of investments and real estate, including
28 the net value in the principal place of residence, except that
29 the value of the principal place of residence is determined in
30 accordance with clause (5).

(iii) The adjusted net worth of a business, computed on the basis of the net worth of the business, determined in accordance with the following table:

Adjusted Net Worth of a Business

<u>If the net worth (NW)</u> <u>of a business is:</u>	<u>Then the adjusted</u> <u>net worth is:</u>
<u>Less than \$1</u>	<u>\$0</u>
<u>\$1 - \$75,000</u>	<u>40% of NW</u>
<u>\$75,001 - \$225,000</u>	<u>\$30,000 plus 50% of</u> <u>NW over \$75,000</u>
<u>\$225,001 - \$370,000</u>	<u>\$105,000 plus 60% of</u> <u>NW over \$225,000</u>
<u>\$370,001 or more</u>	<u>\$192,000 plus 100%</u> <u>of NW over</u> <u>\$370,000</u>

(iv) The adjusted net worth of a farm, computed on the basis of the net worth of the farm, determined in accordance with the following table:

Adjusted Net Worth of a Farm

<u>If the net worth (NW)</u> <u>of a farm is:</u>	<u>Then the adjusted</u> <u>net worth is:</u>
<u>Less than \$1</u>	<u>\$0</u>
<u>\$1 - \$75,000</u>	<u>35% of NW</u>
<u>\$75,001 - \$225,000</u>	<u>\$26,250 plus 45% of</u> <u>NW over \$75,000</u>
<u>\$225,001 - \$370,000</u>	<u>\$93,750 plus 55% of</u> <u>NW over \$225,000</u>
<u>\$370,001 or more</u>	<u>\$173,500 plus 95% of</u> <u>NW over \$370,000</u>

(3) The asset protection allowance is calculated according

1 to the following table:

2 Asset Protection Allowances for Families and Students

3 If the age of the And the student is
4 student is: married unmarried
5 then the asset protection
6 allowance is:

7	<u>25 or less.....</u>	<u>\$0</u>	<u>\$0</u>
8	<u>26.....</u>	<u>2,300</u>	<u>1,700</u>
9	<u>27.....</u>	<u>4,500</u>	<u>3,300</u>
10	<u>28.....</u>	<u>6,800</u>	<u>5,000</u>
11	<u>29.....</u>	<u>9,000</u>	<u>6,700</u>
12	<u>30.....</u>	<u>11,300</u>	<u>8,400</u>
13	<u>31.....</u>	<u>13,600</u>	<u>10,000</u>
14	<u>32.....</u>	<u>15,800</u>	<u>11,700</u>
15	<u>33.....</u>	<u>18,100</u>	<u>13,400</u>
16	<u>34.....</u>	<u>20,300</u>	<u>15,100</u>
17	<u>35.....</u>	<u>22,600</u>	<u>16,700</u>
18	<u>36.....</u>	<u>24,900</u>	<u>18,400</u>
19	<u>37.....</u>	<u>27,100</u>	<u>20,100</u>
20	<u>38.....</u>	<u>29,400</u>	<u>21,800</u>
21	<u>39.....</u>	<u>31,600</u>	<u>23,400</u>
22	<u>40.....</u>	<u>33,900</u>	<u>25,100</u>
23	<u>41.....</u>	<u>34,800</u>	<u>25,700</u>
24	<u>42.....</u>	<u>35,700</u>	<u>26,200</u>
25	<u>43.....</u>	<u>36,400</u>	<u>26,800</u>
26	<u>44.....</u>	<u>37,300</u>	<u>27,300</u>
27	<u>45.....</u>	<u>38,300</u>	<u>28,000</u>
28	<u>46.....</u>	<u>39,300</u>	<u>28,700</u>
29	<u>47.....</u>	<u>40,300</u>	<u>29,200</u>
30	<u>48.....</u>	<u>41,600</u>	<u>29,900</u>

1	<u>49.....</u>	<u>42,700</u>	<u>30,600</u>
2	<u>50.....</u>	<u>43,800</u>	<u>31,400</u>
3	<u>51.....</u>	<u>45,200</u>	<u>32,100</u>
4	<u>52.....</u>	<u>46,300</u>	<u>32,900</u>
5	<u>53.....</u>	<u>47,800</u>	<u>33,700</u>
6	<u>54.....</u>	<u>49,300</u>	<u>34,700</u>
7	<u>55.....</u>	<u>50,500</u>	<u>35,500</u>
8	<u>56.....</u>	<u>52,100</u>	<u>36,400</u>
9	<u>57.....</u>	<u>53,700</u>	<u>37,500</u>
10	<u>58.....</u>	<u>55,700</u>	<u>38,300</u>
11	<u>59.....</u>	<u>57,400</u>	<u>39,500</u>
12	<u>60.....</u>	<u>59,100</u>	<u>40,600</u>
13	<u>61.....</u>	<u>61,200</u>	<u>41,700</u>
14	<u>62.....</u>	<u>63,400</u>	<u>42,900</u>
15	<u>63.....</u>	<u>65,300</u>	<u>44,100</u>
16	<u>64.....</u>	<u>67,600</u>	<u>45,400</u>
17	<u>65 or more.....</u>	<u>69,900</u>	<u>46,900</u>

18 (4) The asset conversion rate is twelve per cent.

19 (5) (i) For purposes of determining the value of the
20 principal place of residence, the value shall be the lesser of:

21 (A) the current market value; or

22 (B) two times the total income or the home equity allowance,
23 as determined by the agency, whichever is greater.

24 (ii) The net value is determined by subtracting outstanding
25 liabilities or indebtedness against the assets from the value
26 described in subclause (i).

27 (d) The adjusted available income, as determined under
28 clause (1) of subsection (a), is assessed according to the
29 following table:

30 Assessment From Adjusted Available Income (AAI)

