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(Catalog of Federal Domestic Assistance Number 84.184.E, Safe and Drug-Free Schools and Community Act National Programs—Emergency Response and Crisis Management Grant Program)

Program Authority: 20 U.S.C. 7131.

Dated: May 13, 2003.

Judge Eric Andell,

Deputy Under Secretary for Safe and Drug-Free Schools.

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DEPARTMENT OF EDUCATION

William D. Ford Federal Direct Loan Program

AGENCY: Department of Education.

ACTION: Notice of the annual updates to the Income Contingent Repayment (ICR) plan formula for 2003.

SUMMARY: The Secretary announces the annual updates to the ICR plan formula for 2003. Under the William D. Ford Federal Direct Loan (Direct Loan) Program, borrowers may choose to repay their student loans under the ICR plan, which bases the repayment amount on

the borrower's income, family size, loan amount, and interest rate. Each year, we adjust the formula for calculating a borrower's payment to reflect changes due to inflation. This notice contains the adjusted income percentage factors for 2003 and charts showing sample repayment amounts based on the adjusted ICR plan formula. It also contains examples of how the calculation of the monthly ICR amount is performed and a constant multiplier chart for use in performing the calculations. The adjustments for the ICR plan formula contained in this notice are effective from July 1, 2003 to June 30, 2004.

FOR FURTHER INFORMATION CONTACT: Don Watson, U.S. Department of Education, Room 092B1, UCP, 400 Maryland Avenue, SW., Washington, DC 20202-5400. Telephone: (202) 377-4008. If you use a telecommunications device for the deaf (TDD), you may call the Federal Information Relay Service (FIRS) at 1-800-877-8339.

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SUPPLEMENTARY INFORMATION: Direct Loan Program borrowers may choose to repay their Direct Loans under the ICR plan. The attachment to this notice provides updates to examples of how the calculation of the monthly ICR amount is performed, the income percentage factors, the constant multiplier chart, and charts showing sample repayment amounts.

We have updated the income percentage factors to reflect changes based on inflation. We have revised the income percentage factors table by changing the dollar amounts of the incomes shown by a percentage equal to the estimated percentage change in the Consumer Price Index for all urban consumers from December 2002 to December 2003. Further, we provide examples of monthly repayment amount calculations and two charts that show sample repayment amounts for single and married or head-of-household borrowers at various income and debt levels based on the updated income percentage factors.

The updated income percentage factors, at any given income, may cause a borrower's payments to be slightly lower than they were in prior years. This updated amount more accurately reflects the impact of inflation on a borrower's current ability to repay.

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Program Authority: 20 U.S.C. 1087 *et seq.*

Dated: May 13, 2003.

Theresa S. Shaw,

Chief Operating Officer, Federal Student Aid.

Attachment—Examples of the Calculations of Monthly Repayment Amounts

Example 1. This example assumes you are a single borrower with \$15,000 in Direct Loans, the interest rate being charged is 8.25 percent, and you have an adjusted gross income (AGI) of \$33,042.

Step 1: Determine your annual payments based on what you would pay over 12 years using standard amortization. To do this, multiply your loan balance by the constant multiplier for 8.25 percent interest (0.131545). The constant multiplier is a factor used to calculate amortized payments at a given interest rate over a fixed period of time. (The 8.25 percent interest rate used in this example is the maximum interest rate that may be charged for all Direct Loans excluding Direct PLUS Loans and certain Direct PLUS Consolidation Loans; your actual interest rate may be lower. You can view the constant multiplier chart at the end of this notice to determine the constant multiplier that you should use for the interest rate on your loan. If your exact interest rate is not listed, use the next highest for estimation purposes.)

• $0.131545 \times \$15,000 = \$1,973.18$

Step 2: Multiply the result of Step 1 by the income percentage factor shown in the income percentage factors table that corresponds to your income and then divide the result by 100. (If your income is not listed in the income percentage factors table, calculate the applicable income percentage factor by following the instructions under the "Interpolation" heading later in this notice.)

• $88.77 \times \$1,973.18 \div 100 = \$1,751.59$