

**4. Assessment Schedules and Rates.**

Two schedules that are subject to updates, one for dependent students and one for independent students with dependents other than a spouse, are used to determine the expected contribution toward educational expenses from family financial

resources. For dependent students, the expected parental contribution is derived from an assessment of the parents, adjusted available income (AAI). For independent students with dependents other than a spouse, the expected contribution is derived from an assessment of the family's AAI. The

AAI represents a measure of a family's financial strength, which considers both income and assets.

The parents' contribution for a dependent student is computed according to the following schedule:

If AAI is --			Then the Contribution is --		
Less than -\$3,409			-\$750		
(\$3,409)	to	\$12,200	22% of AAI		
\$12,201	to	\$15,400	\$2,684 +	25%	of AAI over \$12,200
\$15,401	to	\$18,500	\$3,484 +	29%	of AAI over \$15,400
\$18,501	to	\$21,600	\$4,383 +	34%	of AAI over \$18,500
\$21,601	to	\$24,700	\$5,437 +	40%	of AAI over \$21,600
\$24,701	or more		\$6,677 +	47%	of AAI over \$24,700

The contribution for an independent student with dependents other than a

spouse is computed according to the following schedule:

If AAI is --			Then the Contribution is --		
Less than -\$3,409			-\$750		
(\$3,409)	to	\$12,200	22% of AAI		
\$12,201	to	\$15,400	\$2,684 +	25%	of AAI over \$12,200
\$15,401	to	\$18,500	\$3,484 +	29%	of AAI over \$15,400
\$18,501	to	\$21,600	\$4,383 +	34%	of AAI over \$18,500
\$21,601	to	\$24,700	\$5,437 +	40%	of AAI over \$21,600
\$24,701	or more		\$6,677 +	47%	of AAI over \$24,700

**5. Employment Expense Allowance.**

This allowance for employment-related expenses, which is used for the parents of dependent students and for married independent students with dependents, recognizes additional expenses incurred by working spouses and single-parent households. The allowance is based upon the marginal differences in costs for a two-worker family compared to a one-worker family for meals away from home, apparel and upkeep,

transportation, and housekeeping services.

The Secretary is not increasing this allowance for the 2004–2005 award year for the reasons stated above. The employment expense allowance for parents of dependent students, married independent students without dependents other than a spouse, and independent students with dependents other than a spouse is the lesser of \$3,000 or 35 percent of earned income.

**6. Allowance for State and Other Taxes.**

This allowance for State and other taxes protects a portion of the parents' and student's income from being considered available for postsecondary educational expenses. There are four tables for State and other taxes, one each for parents of dependent students, independent students with dependents other than a spouse, dependent students, and independent students without dependents other than a spouse.