

**GEN-88-7**

**Need analysis statutory changes**

**United States Department of Education**

Washington, D.C. 20202

January, 1988

Dear Colleague:

The Higher Education Amendments of 1986 (P.L. 99-498) and the Higher Education Technical Amendments Act of 1987 (P.L. 100-50) made major changes in the student aid programs authorized under the Higher Education Act of 1965, as amended. Particularly, statutory changes to the need analysis process and methodologies required substantial modifications to the student aid delivery system for the 1988-89 award year. The purpose of this letter is to transmit to you the Guide to Changes for the 1988-89 Title IV Delivery System.

The following are major changes made to the delivery system by the recent amendments:

- The Pell Grant Family Contribution Schedule, formerly published in the Federal Register, has been incorporated into the statute.
- A single need analysis methodology (Congressional Methodology) for use under the campus-based and Guaranteed Student Loan programs has been incorporated into the statute.
- A simplified need analysis formula may be used under all Title IV programs by qualified students.
- Financial aid administrators have the authority, based on adequate documentation, to make individual adjustments (due to special circumstances) to an individual student's cost of attendance and expected family contribution for all the Title IV programs.
- The Pell Grant Family Contribution Schedule no longer provides for the use of expected year income due to extraordinary circumstances. Therefore, there no longer is a Special Condition Application.

- The Department of Education Appropriations Act, 1987 (P.L. 100-202) provided that the maximum Pell Grant award that a student may receive in the 1988-89 award year is \$2,200. Approximately \$4.26 billion was appropriated for this purpose. This level of funding, however, is insufficient to fund the Pell Grant Program fully. By statute, the linear reduction process must be used, and no awards for the 1988-89 award year may be made for less than \$100. The maximum award remains at \$2,200.

Changes in the Pell Grant Electronic Data Exchange are not addressed in this Guide. The information is being provided to participants separately.

We hope that this information is useful to you.

Sincerely,

Dewey L. Newman  
Deputy Assistant Secretary for  
Student Financial Assistance

Daniel R. Lau  
Director, Student Financial  
Assistance Programs

Enclosure