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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.

[FR Doc. 03–12394 Filed 5–15–03; 8:45 am]

BILLING CODE 4000–01–P

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.):

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

Step 3: Determine 20 percent of your discretionary income (your discretionary income is your AGI minus the HHS Poverty Guideline amount for your family size). Because you are a single borrower, subtract the poverty level for a family of one, as published in the **Federal Register** on February 7, 2003 (68 FR 6456), from your AGI and multiply the result by 20 percent:

- $\$33,042 - \$8,980 = \$24,062$
- $\$24,062 \times 0.20 = \$4,812.40$

Step 4: Compare the amount from Step 2 with the amount from Step 3. The lower of the two will be your annual payment amount. In this example, you will be paying the amount calculated under Step 2. To determine your monthly repayment amount, divide the annual amount by 12.

- $\$1,751.59 \div 12 = \145.97

Example 2. In this example, you are married. You and your spouse have a combined AGI of \$62,439 and are repaying your loans jointly under the ICR plan. You have no children. You have a Direct Loan balance of \$10,000, and your spouse has a Direct Loan balance of \$15,000. Your interest rate is 8.25 percent.

Step 1: Add your and your spouse's Direct Loan balances together to determine your aggregate loan balance:

- $\$10,000 + \$15,000 = \$25,000$

Step 2: Determine the annual payment based on what you would pay over 12 years using standard amortization. To do this, multiply your aggregate loan balance by the constant multiplier for 8.25 percent interest (0.131545). (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.)

- $0.131545 \times \$25,000 = \$3,288.63$

Step 3: Multiply the result of Step 2 by the income percentage factor shown in the income percentage factors table that corresponds to your and your spouse's income and then divide the result by 100. (If your and your spouse's aggregate 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.):

- $109.40 \times \$3,288.63 \div 100 = \$3,597.76$

Step 4: Determine 20 percent of your discretionary income. To do this, subtract the poverty level for a family of two, as published in the **Federal Register** on February 7, 2003 (68 FR 6456), from your combined AGI and multiply the result by 20 percent:

- $\$62,439 - \$12,120 = \$50,319$
- $\$50,319 \times 0.20 = \$10,063.80$

Step 5: Compare the amount from Step 3 with the amount from Step 4. The lower of the two will be your annual payment amount. You and your spouse will pay the amount calculated under Step 3. To determine your monthly repayment amount, divide the annual amount by 12.

- $\$3,597.76 \div 12 = \299.81

Interpolation: If your income does not appear on the income percentage factors

table, you will have to calculate the income percentage factor through interpolation. For example, assume you are single and your income is \$25,000.

Step 1: Find the closest income listed that is less than your income of \$25,000 and the closest income listed that is greater than your income of \$25,000.

Step 2: Subtract the lower amount from the higher amount (for this discussion, we will call the result the "income interval"):

- $\$26,306 - \$22,108 = \$4,198$

Step 3: Determine the difference between the two income percentage factors that are given for these incomes (for this discussion, we will call the result, the "income percentage factor interval"):

- $80.33\% - 71.89\% = 8.44\%$

Step 4: Subtract from your income the closest income shown on the chart that is less than your income of \$25,000:

- $\$25,000 - \$22,108 = \$2,892$

Step 5: Divide the result of Step 4 by the income interval determined in Step 2:

- $\$2,892 \div \$4,198 = 0.6889$

Step 6: Multiply the result of Step 5 by the income percentage factor interval:

- $8.44\% \times 0.6889 = 5.8143\%$

Step 7: Add the result of Step 6 to the lower of the two income percentage factors used in Step 3 to calculate the income percentage factor interval for \$25,000 in income:

- $5.8143\% + 71.89\% = 77.70\%$ (rounded to the nearest hundredth)

The result is the income percentage factor that will be used to calculate the monthly repayment amount under the ICR plan.

2003 INCOME PERCENTAGE FACTORS

[Based on Annual Income]

Single		Married/head of household	
Income	% Factor	Income	% Factor
8,637	55.00	8,637	50.52
11,885	57.79	13,629	56.68
15,293	60.57	16,243	59.56
18,779	66.23	21,234	67.79
22,108	71.89	26,306	75.22
26,306	80.33	33,042	87.61
33,042	88.77	41,439	100.00
41,440	100.00	49,840	100.00
49,840	100.00	62,439	109.40
59,901	111.80	83,435	125.00
76,701	123.50	112,831	140.60
108,633	141.20	157,799	150.00
124,558	150.00	257,856	200.00
221,860	200.00		

CONSTANT MULTIPLIER CHART FOR 12-YEAR AMORTIZATION

Interest rate percent	Annual constant multiplier
4.06	0.105413
4.86	0.110146
7.00	0.123406
7.25	0.125011
7.46	0.126368

CONSTANT MULTIPLIER CHART FOR 12-YEAR AMORTIZATION—Continued

Interest rate percent	Annual constant multiplier
7.50	0.126627
7.75	0.128255
8.00	0.129894
8.25	0.131545
8.50	0.133207

CONSTANT MULTIPLIER CHART FOR 12-YEAR AMORTIZATION—Continued

Interest rate percent	Annual constant multiplier
8.75	0.134880
9.00	0.136564

BILLING CODE 4000-01-P

Sample First-Year Monthly Repayment Amounts for a Single Borrower at Various Income and Debt Levels

Income	Initial Debt															
	\$ 2,500	\$ 5,000	\$ 7,500	\$ 10,000	\$ 12,500	\$ 15,000	\$ 17,500	\$ 20,000	\$ 22,500	\$ 25,000	\$ 30,000	\$ 40,000	\$ 45,000	\$ 50,000	\$ 55,000	\$ 60,000
\$ 1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9,000	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
10,000	15	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17
12,500	16	32	48	59	59	59	59	59	59	59	59	59	59	59	59	59
15,000	17	33	50	66	83	99	100	100	100	100	100	100	100	100	100	100
17,500	18	35	53	70	88	105	123	140	142	142	142	142	142	142	142	142
20,000	19	37	56	75	94	112	131	150	168	184	184	184	184	184	184	184
22,500	20	40	60	80	100	120	139	159	179	199	225	225	225	225	225	225
25,000	21	43	64	85	106	128	149	170	192	213	256	267	267	267	267	267
30,000	23	47	70	93	116	140	163	186	210	233	279	326	350	350	350	350
35,000	25	50	75	100	125	150	175	200	225	250	300	350	401	434	434	434
40,000	27	54	81	108	134	161	188	215	242	269	323	376	430	484	517	517
45,000	27	55	82	110	137	164	192	219	247	274	329	384	438	493	548	600
50,000	27	55	82	110	137	165	192	220	247	275	329	384	439	494	549	604
55,000	29	58	87	116	145	174	203	233	262	291	349	407	465	523	581	639
60,000	31	61	92	123	153	184	215	245	276	307	368	429	491	552	613	674
65,000	32	63	95	126	158	190	221	253	285	316	379	443	506	569	632	695
70,000	33	65	97	130	163	195	228	261	293	326	391	456	521	586	651	716
75,000	34	67	101	134	168	201	235	268	302	335	402	469	536	603	670	737
80,000	34	69	103	137	172	206	240	275	309	343	412	481	550	618	687	756
85,000	35	70	105	140	176	211	246	281	316	351	421	491	562	632	702	772
90,000	36	72	108	143	179	215	251	287	323	359	430	502	574	646	717	789
95,000	37	73	110	147	183	220	256	293	330	366	440	513	586	659	733	806
100,000	37	75	112	150	187	224	262	299	336	374	449	523	598	673	748	822

Sample repayment amounts are based on an interest rate of 8.25%.

Sample First-Year Monthly Repayment Amounts for a Married or Head-of-Household Borrower at Various Income and Debt Levels

Income	Family Size = 3																			
	Initial Debt																			
	\$ 2,500	\$ 5,000	\$ 7,500	\$ 10,000	\$ 12,500	\$ 15,000	\$ 17,500	\$ 20,000	\$ 22,500	\$ 25,000	\$ 30,000	\$ 35,000	\$ 40,000	\$ 45,000	\$ 50,000	\$ 55,000	\$ 60,000	\$ 65,000	\$ 70,000	\$ 75,000
\$ 1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17,500	17	34	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37
20,000	18	36	54	72	79	79	79	79	79	79	79	79	79	79	79	79	79	79	79	79
22,500	19	38	57	76	95	115	121	121	121	121	121	121	121	121	121	121	121	121	121	121
25,000	20	40	60	80	100	121	141	161	162	162	162	162	162	162	162	162	162	162	162	162
30,000	22	45	67	90	112	135	157	180	202	225	246	246	246	246	246	246	246	246	246	246
35,000	25	50	74	99	124	149	174	198	223	248	298	329	329	329	329	329	329	329	329	329
40,000	27	54	80	107	134	161	188	215	241	268	322	376	412	412	412	412	412	412	412	412
45,000	27	55	82	110	137	164	192	219	247	274	329	384	438	493	493	493	493	493	493	493
50,000	28	57	85	114	142	171	199	228	256	285	342	398	455	512	569	579	579	579	579	579
55,000	29	59	88	118	147	177	206	236	265	295	354	411	472	531	590	626	662	662	662	662
60,000	31	61	92	122	153	183	214	244	275	305	366	427	488	549	610	649	708	746	746	746
65,000	32	63	95	126	158	189	221	252	284	315	378	441	504	567	630	671	732	793	829	829
70,000	33	65	98	130	163	192	225	257	290	321	386	451	516	581	646	688	750	812	850	850
75,000	34	67	101	134	168	201	235	268	302	336	403	470	537	604	671	738	805	872	940	966
80,000	34	69	103	138	172	207	241	276	310	345	414	483	552	621	690	759	828	897	966	1035
85,000	34	70	106	141	176	211	246	282	317	352	423	493	563	634	704	775	845	915	986	1055
90,000	35	72	108	144	180	216	252	288	323	359	431	503	575	647	719	791	863	934	1006	1078
95,000	36	73	110	147	183	220	257	293	330	367	440	513	587	660	733	807	880	953	1027	1100
100,000	37	75	112	149	186	223	260	296	333	370	444	518	593	667	741	815	889	963	1037	1111

Sample repayment amounts are based on an interest rate of 8.25%.

[FR Doc. 03-12283 Filed 5-15-03; 8:45 am]

BILLING CODE 4000-01-C

DEPARTMENT OF EDUCATION

Student Assistance General Provisions

AGENCY: Department of Education.

ACTION: Notice implementing a new electronic process (eZ-Audit) for submitting compliance and financial statement audits.

SUMMARY: The Secretary gives notice that on June 16, 2003, the Department will fully implement the eZ-Audit process under which an institution that participates, or seeks to participate, in the Federal student aid programs submits its compliance and financial statement audit information electronically. The Federal student aid programs are authorized under Title IV of the Higher Education Act of 1965, as amended (Title IV, HEA Programs). This notice applies to any compliance or financial statement audits that an institution is required to submit under 34 CFR 600.20(a) or (b) to begin or continue participating in the Title IV, HEA Programs, any financial statement audits required for an institution that undergoes a change in ownership resulting in a change in control as provided under 34 CFR 600.20(g), any compliance and financial statement audits that an institution is required to submit annually under 34 CFR 668.23, and any compliance and financial statement audits required of an institution that ceases to participate in the Title IV, HEA Programs as provided under 34 CFR 668.26(b).

Effective immediately, institutions may voluntarily begin using eZ-Audit to submit any required audits. Beginning on June 16, 2003, all institutions are required to use eZ-Audit for submitting electronically any required audit that is due on or after that date. However, if an institution is unable to use eZ-Audit to submit its first audit that is due on or after June 16, 2003, it should contact the person identified below to make alternative arrangements for submitting that audit.

FOR FURTHER INFORMATION CONTACT: Ti Baker, Management and Program Analyst, Schools Channel, Federal Student Aid, U.S. Department of Education, Union Center Plaza, 074G2, 830 First Street, Washington, DC 20202. Telephone: (202) 377-3156, Fax: (202) 275-5726, or via Internet: fsaezaudit@ed.gov.

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the Federal Information Relay Service (FIRS) at 1-800-877-8339.

Individuals with disabilities may obtain this document in an alternative format (e.g., Braille, large print, audiotape, or computer diskette) on request to the program contact person listed under **FOR FURTHER INFORMATION CONTACT**.

SUPPLEMENTARY INFORMATION: eZ-Audit is a web-based process designed to facilitate the submission of compliance and financial statement audits, expedite the review of those audits by the Department, and provide more timely and useful information to institutions regarding the Department's review. This notice deals only with the procedures for submitting audits under the eZ-Audit process. More detailed information about other aspects of the eZ-Audit process is available under the Electronic Announcements section at <http://www.IFAP.ed.gov>.

Proprietary institutions are required to submit audits directly to the Department regardless of the reason those audits are required. Currently, all non-profit and public institutions are required to conduct and submit annual compliance and financial statement audits in accordance with Office of Management and Budget (OMB) Circular A-133. Under OMB Circular A-133, these institutions submit their annual audits to the Federal Audit Clearinghouse (Clearinghouse) that in turn provides copies to the Department and other Federal agencies. For any other audits that a non-profit or public institution is required to conduct under the Title IV, HEA Program regulations, those audits are submitted directly to the Department.

OMB Circular A-133 also provides that in response to a request from a Federal agency, non-profit and public institutions must submit their annual audits directly to that agency. Accordingly, the Department hereby requests non-profit and public institutions to submit copies of their OMB Circular A-133 annual audits directly to us through eZ-Audit. The Department makes this request to maximize the utility of eZ-Audit by establishing a uniform process under which all institutions submit any audit required under the Title IV, HEA Program regulations. We note that non-profit and public institutions whose annual audits are conducted in accordance with OMB Circular A-133 must continue to submit those audits to the Clearinghouse.

The Department will carefully monitor the utility of the eZ-Audit approach in identifying fraud and

reducing error in Federal student aid programs and improving the validity and reliability of the data reported. The Department will also ensure that it minimizes the burden associated with submitting audits under this approach.

After completing the first cycle of audits under this approach, the Department will implement any reforms necessary to enhance the utility of the data it receives and reduce burden on institutions. Moreover, the Department will consider modifying the eZ-Audit process in view of any significant changes the Clearinghouse may make in accepting electronic audit submissions and in response to the continuing efforts by the accounting community to standardize the format and presentation of electronic audit data.

eZ-Audit Process

An authorized person at an institution submits required audits on behalf of the institution by (1) accessing the appropriate page on the eZ-Audit website using identity credentials issued to the institution by the Department, (2) entering general information about the institution's compliance audit, (3) entering general information and specific financial data from the institution's audited financial statements, and (4) attaching authentic copies of the signed audits.

Identity Credentials

An institution obtains credentials for accessing the eZ-Audit system by completing and signing registration materials described under the Electronic Announcements section at <http://www.IFAP.ed.gov>, and submitting them to: The U.S. Department of Education, Federal Student Aid, Attention: Ti Baker, 830 First Street, NE., Washington, DC 20202.

After receiving the registration materials, the Department will send electronically identity credentials (initially a username and password) to the institution. Although we expect to be able to issue identity credentials within a few days after receiving a request, an institution should submit its registration materials as soon as possible to ensure that it can use the eZ-Audit system to submit required audits on and after June 2, 2003.

Entering Information About the Audits

An institution enters general and specific information about its compliance audits and financial statements on the appropriate eZ-Audit web pages. General information is used to determine whether the audits are materially complete and conducted in accordance with applicable standards.