

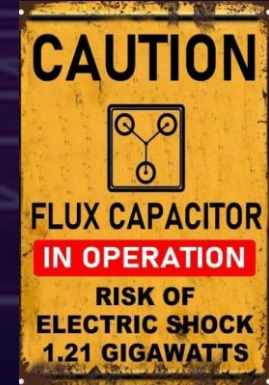
The Past and Future Flux Capacitors of Need Analysis – EFC vs. SAI

Presented by:

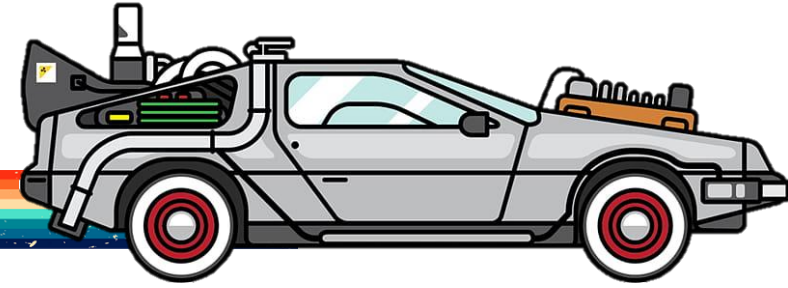
Kim Eck,

Illinois Student
Assistance Commission

March 4, 2024



Determining Financial Need



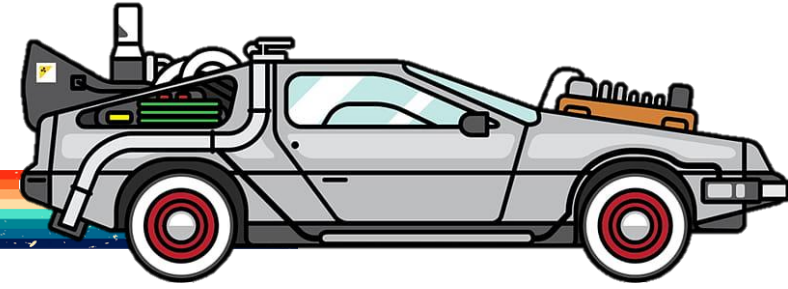
Need Analysis

- Federal Methodology -- FM
 - The Needs Analysis Formula is defined in Part F of the *Higher Education Act of 1965 (HEA)*
 - Currently calculates an Expected Family Contribution (EFC) based on data reported on the FAFSA®
 - Measures a family's financial strength and ability to pay postsecondary expenses
 - Used to determine a student's financial aid package
 - As a result of the FAFSA Simplification Act, the EFC will be replaced with the Student Aid Index (SAI) beginning with the 2024-25 award year

Cost of Attendance -- COA

- Provides students with a projection of costs
 - Includes direct and indirect expenses
 - Tuition, fees, living expenses (room and board), books, transportation
 - Dependent upon enrollment status, program, type of instruction, housing plans, etc.

Determining Financial Need

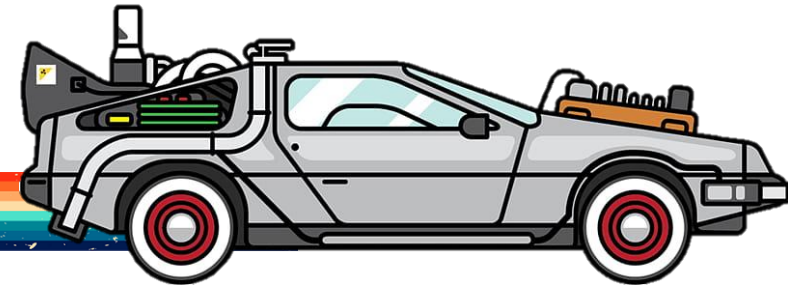


Cost of Attendance

– Expected Family Contribution

= Student's Financial Need
(Financial Aid Eligibility)

Federal Methodology



- For 2023-24, there are three regular EFC formulas and a simplified version of each
 - Dependent student (Formula A)
 - Regular
 - Simplified Needs Test
 - Independent student without dependents other than a spouse (Formula B)
 - Regular
 - Simplified Needs Test
 - Independent student with dependents other than a spouse (Formula C)
 - Regular
 - Simplified Needs Test
- Some applicants may be automatically eligible for a zero EFC



EFC Formula Guide

THE EFC FORMULA, 2023–2024

What is the EFC?

The Expected Family Contribution (EFC) is a number that determines students' eligibility for certain types of federal student aid. This number is calculated with the EFC formulas, which use the information that students provide on the Free Application for Federal Student Aid (FAFSA®) form. Financial aid administrators (FAAs) subtract the EFC from students' cost of attendance to determine their need for the following federal student financial assistance offered by the U.S. Department of Education (the Department):

- Federal Pell Grants,
- Subsidized Loans through the William D. Ford Federal Direct Loan Program,
- Federal Supplemental Educational Opportunity Grants (FSEOG), and
- Federal Work-Study (FWS).

The Teacher Education Assistance for College and Higher Education Grant (TEACH Grant) is a non-need-based federal program for which a student must also use the FAFSA form to apply.

The methodology for determining the EFC is found in Part F of Title IV of the Higher Education Act of 1965, as amended (HEA). Tables used in the computation of the EFC for the 2023–2024 Award Year will be published on the [Knowledge Center](#) in a *Federal Register*.

What is the source of data used in EFC calculations?

All data used to calculate a student's EFC comes from the information the student provides on the FAFSA form. A student may submit a FAFSA form:

- by using FAFSA on the Web,
- by filing an application electronically through a school, or
- by mailing a FAFSA form to the Central Processing System (CPS).

Students who applied for federal student aid in the previous award year may be eligible to reapply using a renewal FAFSA form online. Applying for federal aid is free, but to be considered for non-federal aid (such as institutional aid), students may have to fill out additional forms, which might require fees.

We encourage applicants to complete the FAFSA form electronically because there are edits that reduce applicant errors and customize the questions presented based on answers to prior questions. The electronic version also contains additional instructions and help features and allows the Department to send results to the students and schools more quickly.

Which EFC Formula Worksheet should be used?

There are three regular formulas and a simplified version of each:

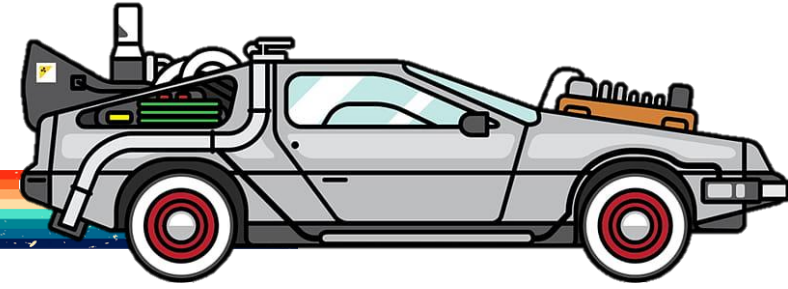
- Formula A, for dependent students;
- Formula B, for independent students **without** dependents other than a spouse; and
- Formula C, for independent students **with** dependents other than a spouse.

The simplified versions of the EFC formula worksheets do not use assets in the calculation. See pages 4 and 5 for information on which students qualify for the simplified formulas. Instructions for determining which applicants are eligible for the automatic zero EFC calculation are included in each worksheet. See page 5 for more information on which students qualify for an automatic zero EFC.

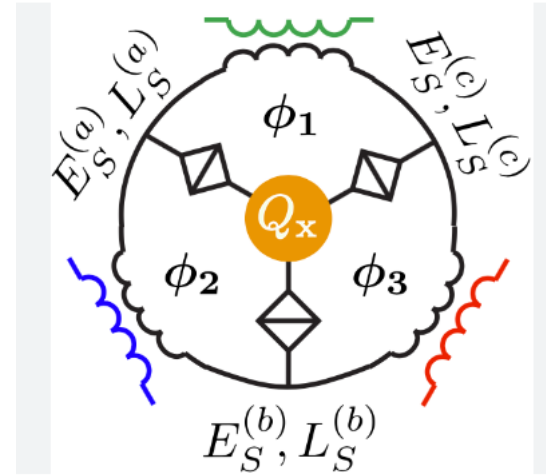
Formula A Worksheet.....	pages 9–12
Simplified Formula A Worksheet.....	pages 13–16
Formula B Worksheet.....	pages 17–18
Simplified Formula B Worksheet.....	pages 19–20
Formula C Worksheet.....	pages 21–22
Simplified Formula C Worksheet.....	pages 23–24
Tables.....	pages 25–29

Note: Do not complete the shaded areas in the simplified worksheets; asset information is not required in the simplified formulas.

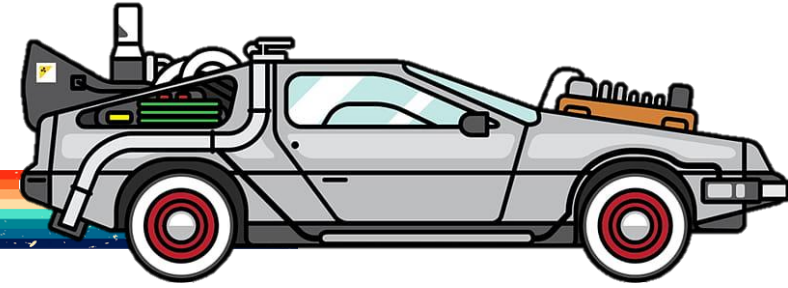
The EFC



- Factors that impact the EFC
 - Taxed and untaxed income
 - Taxes paid
 - Assets and investments
 - Number in household
 - Number in college
 - Age of the older parent
 - Number of wage earners
- Components
 - Parents' Contribution
 - Student's Contribution
- Assumptions
 - Modest allowances for standard of living
 - Postsecondary education is among the family's first discretionary expenses
 - Living allowances
 - 12 months for the family (parents' portion of EFC calculation), and
 - 3 months for the student (remaining 9 months in Cost of Attendance)

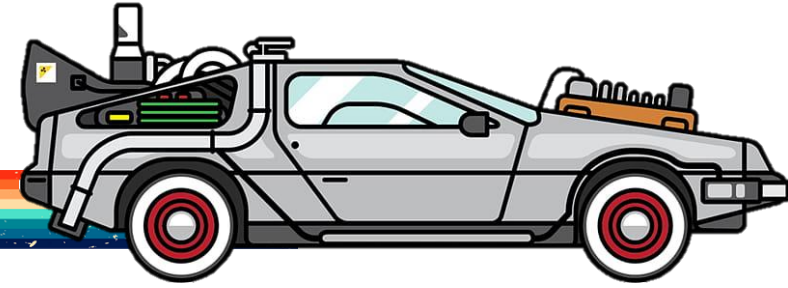


Simplified Formula



- Elements used in the simplified need analysis:
 - Adjusted gross income
 - Federal taxes paid
 - Untaxed income and benefits
 - Number of family members
 - Number of family members in college
 - An allowance for state and other taxes
- Assets are not considered in the calculation
- Generally aligns with “skip-logic” on FAFSA on the Web

2023-24 Simplified Formula



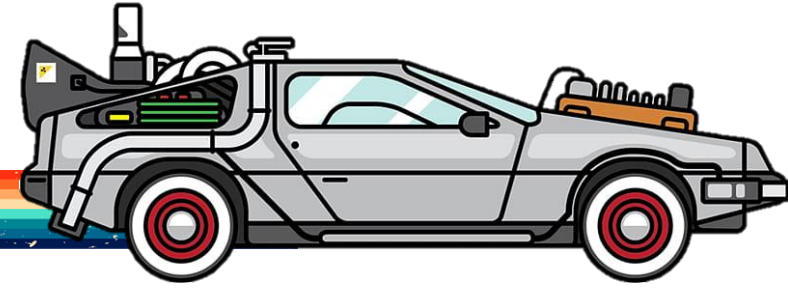
A dependent student qualifies if:

- The combined 2021 income of the student's parents is less than \$50,000 (\$49,999 or less)

AND one of the following:

- The student's parents filed an IRS Form 1040 but did not file a Schedule 1 (or were not required to file any income tax return), **OR**
- The student's parent is a dislocated worker, **OR**
- Anyone in the parents' household size was the recipient of a means-tested federal benefit program in the previous two years (2021 or 2022)
 - Medicaid Program
 - Supplemental Security Income (SSI)
 - Supplemental Nutrition Assistance Program (SNAP)
 - Free and Reduced Price School Lunch Program
 - Temporary Assistance for Needy Families (TANF)
 - Supplemental Nutrition Program for Women, Infants and Children (WIC)

2023-24 Simplified Formula



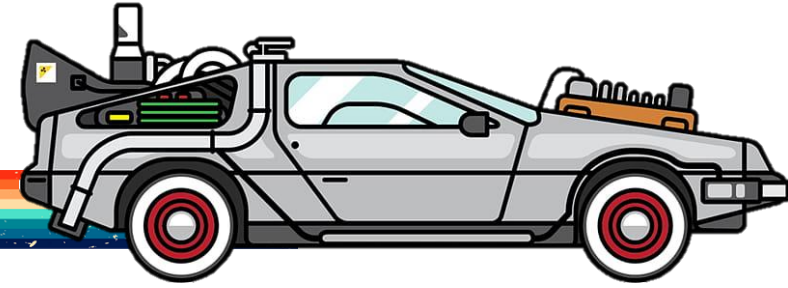
An independent student qualifies if:

- The student's (and spouse's) combined 2021 income is less than \$50,000 (\$49,999 or less)

AND one of the following:

- The student (and spouse if married) filed an IRS Form 1040 but did not file a Schedule 1 (or were not required to file any income tax return), **OR**
- The student (or student's spouse) is a dislocated worker, **OR**
- Anyone in the student's household size was the recipient of a means-tested federal benefit program in the previous two years (2021 or 2022)
 - Medicaid Program
 - Supplemental Security Income (SSI)
 - Supplemental Nutrition Assistance Program (SNAP)
 - Free and Reduced-Price School Lunch Program
 - Temporary Assistance for Needy Families (TANF)
 - Supplemental Nutrition Program for Women, Infants and Children (WIC)

Automatic Zero EFC



Applies to Dependent Students (Formula A) and Independent Students with Dependents other than a Spouse (Formula C)

Does **not** apply to Independent Students without Dependents other than a Spouse (Formula B)

Formula
A

EFC automatically set to zero if parents meet certain federal tax filing and income criteria

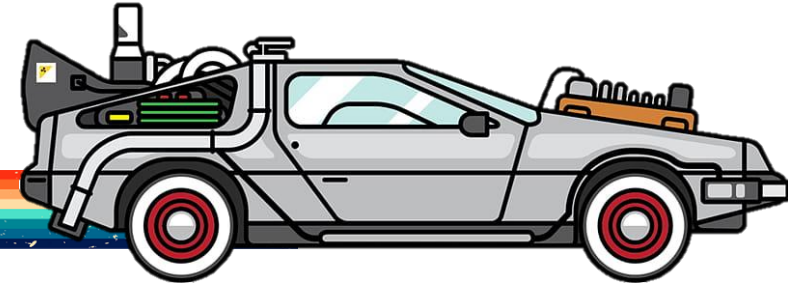
Formula
B

Not applicable

Formula
C

EFC automatically set to zero if student (and spouse, if married) meets certain federal tax filing and income criteria

2023-24 Automatic Zero EFC



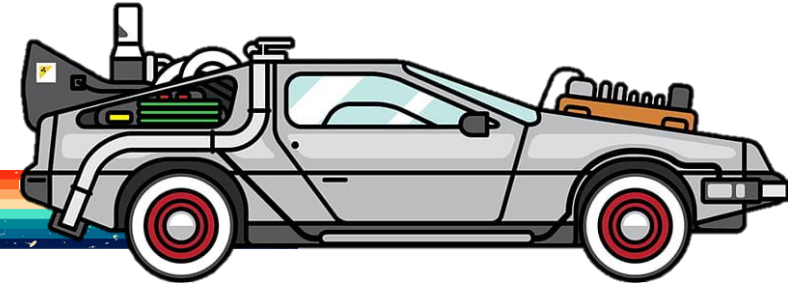
Student's parents (or independent student with dependents other than a spouse) must meet specific criteria:

- Income of **\$29,000** or less

AND one of the following:

- Filed a 2021 IRS Form 1040 but did not file a Schedule 1 (or were not required to file any income tax return), **OR**
- The student's parent or the independent student (or spouse) is a dislocated worker, **OR**
- Anyone in the household size was the recipient of a means-tested federal benefit program in previous two years (2021 or 2022)
 - Medicaid Program
 - Supplemental Security Income (SSI)
 - Supplemental Nutrition Assistance Program (SNAP)
 - Free and Reduced Price School Lunch Program
 - Temporary Assistance for Needy Families (TANF)
 - Supplemental Nutrition Program for Women, Infants and Children (WIC)

Treatment of Income & Assets



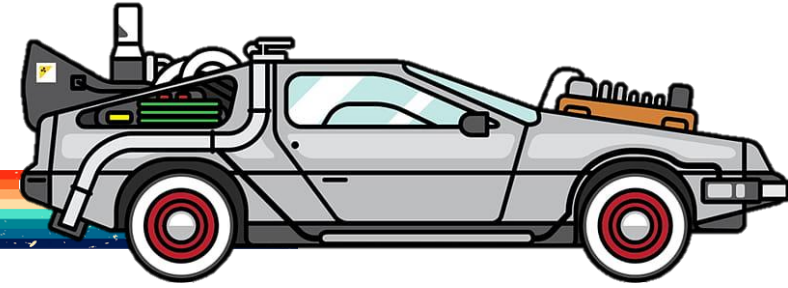
Total Income:

- Base year income from all taxable and untaxable sources
 - Excludable income (i.e., education credits, child support paid, taxable earnings from FWS or other need-based work programs)
-
- = **Total Income (TI)**

Available Income (portion of income remaining for discretionary spending):

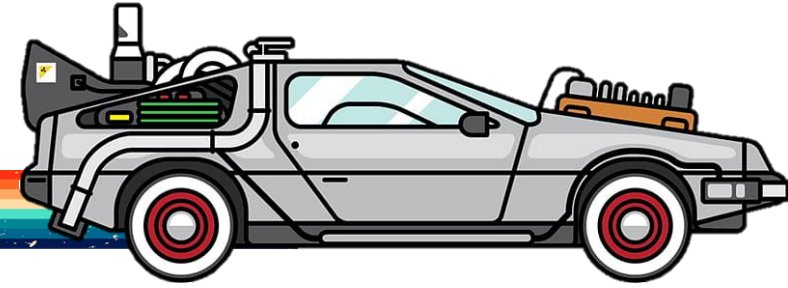
- Total Income
 - Total Allowances
-
- = **Available Income**

Allowances Against Total Income



- State and Other Tax Allowance (STX)
 - U. S. income tax paid
 - Estimate of state and other taxes
 - FICA
- Income Protection Allowance (IPA)
 - Estimates amount required for basic needs
 - Based on Bureau of Labor & Statistics studies
 - Increases with each household member
 - Decreases with each member in college
- Employment Expense Allowance (EA)
 - Represents additional costs when both parents work
 - Applies to single parent working families

Treatment of Assets



Cash, savings, checking
+ Net worth of real estate and investments
+ Adjusted net worth of business/farm

= **Total Net Worth (NW)**

Total Net Worth
- Education Savings and Asset Protection Allowance (APA)

= **Discretionary Net Worth (DNW)**

Discretionary Net Worth
x Asset Conversion Rate

Contribution from Assets





Dependent Student Formula A

PARENTS' INCOME IN 2021

1. Parents' adjusted gross income (FAFSA/SAR #31) If negative, enter zero.		
2. a. Parent 1 (father/mother/stepparent) income earned from work (FAFSA/SAR #83)		
2. b. Parent 2 (father/mother/stepparent) income earned from work (FAFSA/SAR #84) +		
Total parents' income earned from work	=	
3. Taxable income (If tax filers, enter the amount from line 1 above. If non-tax filers, enter the amount from line 2.)*		
4. Total untaxed income and benefits (total of FAFSA/SAR #89a through 89d)	+	
5. Taxable and untaxed income (sum of line 3 and line 4)	=	
6. Total additional financial information (total of FAFSA/SAR #88a through 88f)	-	
7. TOTAL INCOME (line 5 minus line 6) May be a negative number.	=	

ALLOWANCES AGAINST PARENTS' INCOME

8. 2021 U.S. income tax paid (FAFSA/SAR #82) (tax filers only) If negative, enter zero.		
9. State and other tax allowance (Table 1) If negative, enter zero.	+	
10. Parent 1 (father/mother/stepparent) Social Security tax allowance (Table 3)	+	
11. Parent 2 (father/mother/stepparent) Social Security tax allowance (Table 3)	+	
12. Income protection allowance (Table 4)	+	
13. Employment expense allowance: • Two working parents (Parents' Marital Status is "married" or "unmarried and both parents living together"): 35% of the lesser of the earned incomes, or \$4,700, whichever is less • One-parent families: 35% of earned income, or \$4,700, whichever is less • Two-parent families, one working parent: enter zero	+	
14. TOTAL ALLOWANCES	=	

*STOP HERE (at line 3) if the following are true:
Line 3 is \$29,000 or less and

- The parents did not file a Schedule 1 with their IRS Form 1040 or they are not required to file any income tax return or
 - Anyone included in the parents' household size (as defined on the FAFSA form) received benefits during 2021 or 2022 from any of the designated means-tested federal benefit programs or
 - Either of the parents is a dislocated worker.
- If these circumstances are true, the Expected Family Contribution is automatically zero.

AVAILABLE INCOME

TOTAL INCOME (from line 7)		
TOTAL ALLOWANCES (from line 14) If line 14 is greater than \$9,999,999 use \$9,999,999	-	
15. AVAILABLE INCOME (AI) May be a negative number.	=	

PARENTS' CONTRIBUTION FROM ASSETS

16. Cash, savings, and checking (FAFSA/SAR #85)		
17. Net worth of investments** (FAFSA/SAR #86) If negative, enter zero.	+	
18. Net worth of business and/or investment farm (FAFSA/SAR #87) If negative, enter zero.	+	
19. Adjusted net worth of business farm (Calculate using Table 6.)	+	
20. Net worth (sum of lines 16, 17, and 19)	=	
21. Education savings and asset protection allowance (Table 7)	-	
22. Discretionary net worth (line 20 minus line 21)	=	
23. Asset conversion rate	×	.12
24. CONTRIBUTION FROM ASSETS If negative, enter zero.	=	

PARENTS' CONTRIBUTION

AVAILABLE INCOME (AI) (from line 15)		
CONTRIBUTION FROM ASSETS (from line 24)	+	
25. Adjusted available income (AAI) May be a negative number.	=	
26. Total parents' contribution from AAI (Calculate using Table 8.) If negative, enter zero.		
27. Number in college in 2023–2024 (Exclude parents.) (FAFSA/SAR #70)	÷	
28. PARENTS' CONTRIBUTION (standard contribution for nine-month enrollment)*** If negative, enter zero.	=	

**Do not include the family's home.

***To calculate the parents' contribution for other than nine-month enrollment, see page 11.

Continued on the next page.

STUDENT'S INCOME IN 2021

29. Adjusted gross income (FAFSA/SAR #33) If negative, enter zero.		
30. Income earned from work (FAFSA/SAR #35)		
31. Taxable income (If tax filer, enter the amount from line 29 above. If non-tax filer, enter the amount from line 30.)		
32. Total untaxed income and benefits (total of FAFSA/SAR #41a through 41i)	+	
33. Taxable and untaxed income (sum of line 31 and line 32)	=	
34. Total additional financial information (total of FAFSA/SAR #40a through 40f)	-	
35. TOTAL INCOME (line 33 minus line 34) May be a negative number.	=	

ALLOWANCES AGAINST STUDENT INCOME

36. 2021 U.S. income tax paid (FAFSA/SAR #34) (tax filers only) If negative, enter zero.		
37. State and other tax allowance (Table 2) If negative, enter zero.	+	
38. Social Security tax allowance (Table 3)	+	
39. Income protection allowance	+	7,600
40. Allowance for parents' negative Adjusted available income (If line 25 is negative, enter line 25 as a positive number in line 40. If line 25 is zero or positive, enter zero in line 40.)	+	
41. TOTAL ALLOWANCES	=	

STUDENT'S CONTRIBUTION FROM INCOME

TOTAL INCOME (from line 35)		
TOTAL ALLOWANCES (from line 41) If line 41 is greater than \$9,999,999 use \$9,999,999	-	
42. Available income (AI)	=	
43. Assessment of AI	×	.50
44. STUDENT'S CONTRIBUTION FROM AI If negative, enter zero.	=	

STUDENT'S CONTRIBUTION FROM ASSETS

45. Cash, savings, and checking (FAFSA/SAR #37)		
46. Net worth of investments* (FAFSA/SAR #38) If negative, enter zero	+	
47. Net worth of business and/or investment farm (FAFSA/SAR #39) If negative, enter zero.	+	
48. Net worth (sum of lines 45 through 47)	=	
49. Assessment rate	×	.20
50. STUDENT'S CONTRIBUTION FROM ASSETS	=	

EXPECTED FAMILY CONTRIBUTION

PARENTS' CONTRIBUTION (from line 28)		
STUDENT'S CONTRIBUTION FROM AI (from line 44)	+	
STUDENT'S CONTRIBUTION FROM ASSETS (from line 50)	+	
51. EXPECTED FAMILY CONTRIBUTION (standard contribution for nine-month enrollment)** If negative, enter zero.	=	

*Do not include the student's home.

**To calculate the EFC for other than nine-month enrollment, see the next page.

Total Parents' Contribution

$$\begin{aligned} & \text{Available income} \\ + & \text{Contribution from assets} \\ = & \text{Adjusted available income (AAI)} \\ \times & \text{Assessment rate} \\ = & \text{Total parents' contribution (TPC)} \\ \div & \text{Number in college (excluding parents)} \\ \hline = & \textbf{Parents' contribution} \text{ (if negative, set to 0)} \end{aligned}$$

Total Student's Contribution

Student's contribution from Available Income

+ Student's contribution from Assets

= Total **Student Contribution** (TSC)

EFC Calculation

$$\begin{aligned} & \text{Parents' contribution} \\ & + \text{Student's contribution} \\ \hline & = \text{Nine-month EFC} \end{aligned}$$

EXPECTED FAMILY CONTRIBUTION	
PARENTS' CONTRIBUTION (from line 28)	
STUDENT'S CONTRIBUTION FROM AI (from line 44)	+
STUDENT'S CONTRIBUTION FROM ASSETS (from line 50)	+
51. EXPECTED FAMILY CONTRIBUTION (standard contribution for nine-month enrollment)** If negative, enter zero.	=

*Do *not* include the student's home.

**To calculate the EFC for other than nine-month enrollment, see the next page.

PARENTS' INCOME IN 2021

1. Parents' adjusted gross income (FAFSA/SAR #81) If negative, enter zero.		
2. a. Parent 1 (father/mother/stepparent) income earned from work (FAFSA/SAR #83) _____		
2. b. Parent 2 (father/mother/stepparent) income earned from work (FAFSA/SAR #84) + _____		
Total parents' income earned from work =	=	
3. Taxable income (If tax filers, enter the amount from line 1 above. If non-tax filers, enter the amount from line 2.)*		
4. Total untaxed income and benefits: (total of FAFSA/SAR #89a through 89h) +	+	
5. Taxable and untaxed income (sum of line 3 and line 4) =	=	
6. Total additional financial information (total of FAFSA/SAR #88a through 88f) -	-	
7. TOTAL INCOME (line 5 minus line 6) May be a negative number. =	=	

2023-2024

Step Four CONTINUES from Page 6

For questions 81–89, if the answer is zero or the question does not apply, enter 0. Report whole dollar amounts with no cents.

81. What was your parents' adjusted gross income for 2021? Adjusted gross income is on IRS Form 1040—line 11. \$

7 5 7 9 0

82. Enter your parents' income tax for 2021. Income tax amount is the total of IRS Form 1040—line 22 minus Schedule 2—line 2. If negative, enter a zero here.

\$

7 6 9 6

Questions 83 and 84 ask about earnings (wages, salaries, tips, etc.) in 2021. Answer the questions whether or not a tax return was filed. This information may be found on the W-2 forms or by adding up the following items: IRS Form 1040—line 1 (or IRS Form 1040-NR—line 1a) + Schedule 1—lines 3 + 6 + Schedule K-1 (IRS Form 1065)—Box 14 (Code A). Report the information for the parent listed in questions 57-60 in question 83 and the information for the parent listed in questions 61-64 in question 84. If a tax form line's value is negative, treat it as a zero in your calculation.

83. How much did Parent 1 (father/mother/stepparent) earn from working in 2021?

\$

4 7 3 0 0

84. How much did Parent 2 (father/mother/stepparent) earn from working in 2021?

\$

2 7 5 6 0

ALLOWANCES AGAINST PARENTS' INCOME

8. 2021 U.S. income tax paid (FAFSA/SAR #82) (tax filers only) If negative, enter zero.		
9. State and other tax allowance (Table 1) If negative, enter zero.	+	
10. Parent 1 (father/mother/stepparent) Social Security tax allowance (Table 3)	+	
11. Parent 2 (father/mother/stepparent) Social Security tax allowance (Table 3)	+	
12. Income protection allowance (Table 4)	+	
13. Employment expense allowance: <ul style="list-style-type: none"> • Two working parents (Parents' Marital Status is "married" or "unmarried and both parents living together"): 35% of the lesser of the earned incomes, or \$4,700, whichever is less • One-parent families: 35% of earned income, or \$4,700, whichever is less • Two-parent families, one working parent: enter zero 	+	
14. TOTAL ALLOWANCES	=	

*STOP HERE (at line 3) if the following are true:

Line 3 is \$29,000 or less and

- The parents did not file a Schedule 1 with their IRS Form 1040 or they are not required to file any income tax return or
- Anyone included in the parents' household size (as defined on the FAFSA form) received benefits during 2021 or 2022 from any of the designated means-tested federal benefit programs or
- Either of the parents is a dislocated worker.

If these circumstances are true, the Expected Family Contribution is automatically zero.

Table 1: State and Other Tax Allowance

EFC Formula A (parents only) – To calculate the state and other tax allowance (line 9), multiply the parents' total income (line 7) by the appropriate percentage from the table below. Use the parents' state of legal residence (FAFSA/SAR #66). If this item is blank or invalid, use the student's state of legal residence (FAFSA/SAR #18). If both items are blank or invalid, use the state in the student's mailing address (FAFSA/SAR #6). If all three items are blank or invalid, use the percentage for a blank or invalid state below.

EFC Formula C – To calculate the state and other tax allowance (line 9), multiply the total income of the student and spouse (line 7) by the appropriate percentage from the table below. Use the student's state of legal residence (FAFSA/SAR #18). If this item is blank or invalid, use the state in the student's mailing address (FAFSA/SAR #6). If both items are blank or invalid, use the percentage for a blank or invalid state above.

State	Total Income is \$0-\$14,999*	Total Income is \$15,000 or more*	State	Total Income is \$0-\$14,999*	Total Income is \$15,000 or more*
Alabama	3%	2%	Montana	5%	4%
Alaska	2%	1%	Nebraska	5%	4%
American Samoa	2%	1%	Nevada	3%	2%
Arizona	4%	3%	New Hampshire	4%	3%
Arkansas	4%	3%	New Jersey	9%	8%
California	9%	8%	New Mexico	3%	2%
Canada and Canadian Provinces	2%	1%	New York	10%	9%

Table 3: Social Security Tax

EFC Formula A – Separately calculate the Social Security tax of parent 1, parent 2, and the student.

EFC Formulas B and C – Separately calculate the Social Security tax of the student and spouse.

Separately calculate the Social Security tax using the following income earned from work fields found on the FAFSA form and SAR.

- Student's is FAFSA/SAR #35.
- Spouse's is FAFSA/SAR #36.
- Parent 1 (father/mother/stepparent) is FAFSA/SAR #83.
- Parent 2 (father/mother/stepparent) is FAFSA/SAR #84.

Note: The Social Security tax will never be less than zero.

Income Earned from Work	Social Security Tax
\$0 – \$142,800	7.65% of income
\$142,801 to \$200,000	\$10,924.20 + 1.45% of amount over \$142,800
\$200,001 or greater	\$11,753.60 + 2.35% of amount over \$200,000

Table 4: Parents' Income Protection Allowance

EFC Formula A

Number in parents' household, including student (FAFSA/SAR #69)	Number of college students in the parent's household (FAFSA/SAR #70)				
	1	2	3	4	5
2	\$21,200	\$17,580	not applicable	not applicable	not applicable
3	\$26,400	\$22,800	\$19,170	not applicable	not applicable
4	\$32,610	\$28,980	\$25,380	\$21,750	not applicable
5	\$38,480	\$34,850	\$31,240	\$27,610	\$24,010
6	\$45,010	\$41,380	\$37,770	\$34,140	\$30,540

Note: For each additional household member, add \$5,080.

For each additional college student (except parents), subtract \$3,610.

PARENTS' INCOME IN 2020	
1. Parents' adjusted gross income (FAFSA/SAR #84) If negative, enter zero.	
2. a. Parent 1 (father/mother/stepparent) income earned from work (FAFSA/SAR #86)	
2. b. Parent 2 (father/mother/stepparent) income earned from work (FAFSA/SAR #87) +	
Total parents' income earned from work =	
3. Taxable income (If tax filers, enter the amount from line 1 above. If non-tax filers, enter the amount from line 2.)*	
4. Total untaxed income and benefits (total of FAFSA/SAR #92a through 92h) +	
5. Taxable and untaxed income (sum of line 3 and line 4) =	
6. Total additional financial information (total of FAFSA/SAR #91a through 91f) -	
7. TOTAL INCOME (line 5 minus line 6) May be a negative number. =	

AVAILABLE INCOME	
TOTAL INCOME (from line 7)	
TOTAL ALLOWANCES (from line 14) -	
15. AVAILABLE INCOME (AI) May be a negative number. =	

ALLOWANCES AGAINST PARENTS' INCOME	
8. 2020 U.S. income tax paid (FAFSA/SAR #85) (tax filers only) If negative, enter zero.	
9. State and other tax allowance (Table 1) If negative, enter zero. +	
10. Parent 1 (father/mother/stepparent) Social Security tax allowance (Table 3) +	
11. Parent 2 (father/mother/stepparent) Social Security tax allowance (Table 3) +	
12. Income protection allowance (Table 4) +	
13. Employment expense allowance:	
<ul style="list-style-type: none"> Two working parents (Parents' Marital Status is "marital" or "unmarital and both parents living together"): 35% of the lesser of the earned incomes, or \$4,000, whichever is less One-parent families: 35% of usual income, or \$4,000, whichever is less Two-parent families, one working parent: enter zero 	+
14. TOTAL ALLOWANCES =	

PARENTS' CONTRIBUTION FROM ASSETS		
16. Cash, savings, and checking (FAFSA/SAR #85)		
17. Net worth of investments** (FAFSA/SAR #86) If negative, enter zero.	+	
18. Net worth of business and/or investment farm (FAFSA/SAR #87) If negative, enter zero.	+	
19. Adjusted net worth of business/farm (Calculate using Table 6.)	+	
20. Net worth (sum of lines 16, 17, and 19)	=	
21. Education savings and asset protection allowance (Table 7)	-	
22. Discretionary net worth (line 20 minus line 21)	=	
23. Asset conversion rate	×	.12
24. CONTRIBUTION FROM ASSETS If negative, enter zero.	=	

Table 6: Business/Farm Net Worth Adjustment
EFC Formulas A (parents only), B, and C

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than \$1	\$0
\$1 to \$150,000	40% of net worth of business/farm
\$150,001 to \$455,000	\$60,000 + 50% of net worth over \$150,000
\$455,001 to \$755,000	\$212,500 + 60% of net worth over \$455,000
\$755,001 or more	\$392,500 + 100% of net worth over \$755,000

Table 7: Education Savings and Asset Protection Allowance
EFC Formula A (parents only)

- Determine the age of the older parent listed in FAFSA/SAR #60 and #64 as of 12/31/2023. If no parent date of birth is provided, use age 45.
- Use the allowance for two parents when the parents' marital status listed in FAFSA/SAR #55 is "Married or remarried" or "Unmarried and both legal parents living together."

EFC Formulas B and C – Determine the student's age as of 12/31/2023 from the student's date of birth (FAFSA/SAR #9)

Age as of 12/31/2023	Allowance for two parents or married student	Allowance for one parent or unmarried student	Age as of 12/31/2023	Allowance for two parents or married student	Allowance for one parent or unmarried student
25 or less	\$0	\$0	46	\$0	\$0
26	0	0	47	0	0
27	0	0	48	0	0
28	0	0	49	0	0
29	0	0	50	0	0

85. As of today, what is your parents' total current balance of cash, savings, and checking accounts? **Don't include** student financial aid.

\$

86. As of today, what is the net worth of your parents' investments, including real estate? **Don't include** the home in which your parents live. See Notes page 9.

\$

87. As of today, what is the net worth of your parents' current businesses and/or investment farms? **Don't include** a family farm or family business with 100 or fewer full-time or full-time equivalent employees. See Notes page 9.

\$

2022-23

Table 7: Education Savings and Asset Protection Allowance

EFC Formula A (parents only)

- Determine the age of the older parent listed in FAFSA/SAR #63 and #67 as of 12/31/2022. If no parent date of birth is provided, use age 45.
- Use the allowance for two parents when the parents' marital status listed in FAFSA/SAR #58 is "Married or remarried" or "Unmarried and both legal parents living together."

EFC Formulas B and C – Determine the student's age as of 12/31/2022 from the student's date of birth (FAFSA/SAR #9)

<i>Age as of 12/31/2022</i>	<i>Allowance for two parents or married student</i>	<i>Allowance for one parent or unmarried student</i>	<i>Age as of 12/31/2022</i>	<i>Allowance for two parents or married student</i>	<i>Allowance for one parent or unmarried student</i>
25 or less	\$0	\$0	46	\$3,600	\$0
26	200	0	47	3,700	0
27	400	0	48	3,700	0
28	600	0	49	3,800	0
29	800	0	50	3,900	0
30	1,000	0	51	4,000	0
31	1,200	0	52	4,100	0
32	1,400	0	53	4,200	0
33	1,700	0	54	4,400	0
34	1,900	0	55	4,500	0
35	2,100	0	56	4,600	0
36	2,300	0	57	4,700	0
37	2,500	0	58	4,900	0
38	2,700	0	59	5,000	0
39	2,900	0	60	5,100	0
40	3,100	0	61	5,300	0
41	3,200	0	62	5,400	0
42	3,200	0	63	5,600	0
43	3,300	0	64	5,800	0
44	3,400	0	65 or older	5,900	0
45	3,500	0			

2023-24

Table 7: Education Savings and Asset Protection Allowance

EFC Formula A (parents only)

- Determine the age of the older parent listed in FAFSA/SAR #60 and #64 as of 12/31/2023. If no parent date of birth is provided, use age 45.
- Use the allowance for two parents when the parents' marital status listed in FAFSA/SAR #55 is "Married or remarried" or "Unmarried and both legal parents living together."

EFC Formulas B and C – Determine the student's age as of 12/31/2023 from the student's date of birth (FAFSA/SAR #9)

<i>Age as of 12/31/2023</i>	<i>Allowance for two parents or married student</i>	<i>Allowance for one parent or unmarried student</i>	<i>Age as of 12/31/2023</i>	<i>Allowance for two parents or married student</i>	<i>Allowance for one parent or unmarried student</i>
25 or less	\$0	\$0	46	\$0	\$0
26	0	0	47	0	0
27	0	0	48	0	0
28	0	0	49	0	0
29	0	0	50	0	0
30	0	0	51	0	0
31	0	0	52	0	0
32	0	0	53	0	0
33	0	0	54	0	0
34	0	0	55	0	0
35	0	0	56	0	0
36	0	0	57	0	0
37	0	0	58	0	0
38	0	0	59	0	0
39	0	0	60	0	0
40	0	0	61	0	0
41	0	0	62	0	0
42	0	0	63	0	0
43	0	0	64	0	0
44	0	0	65 or older	0	0
45	0	0			

PARENTS' CONTRIBUTION	
AVAILABLE INCOME (AI) (from line 15)	
CONTRIBUTION FROM ASSETS (from line 24) +	
25. Adjusted available income (AAI) May be a negative number. =	
26. Total parents' contribution from AAI (Calculate using Table 8.) If negative, enter zero.	
27. Number in college in 2023–2024 (Exclude parents.) (FAFSA/SAR #70) ÷	
28. PARENTS' CONTRIBUTION (standard contribution for nine-month enrollment)*** If negative, enter zero. =	

$$27,495 \text{ (AAI)} - 23,800 = 3,695$$

$$3,695 \times .29 = 1,072$$

$$1,072 + 5,383 = 6,455$$

Table 8: Contribution from AAI

EFC Formula A – Parents' Contribution from AAI
EFC Formula C – Student's Contribution from AAI

If the AAI is —	Then the contribution from AAI is—
Less than -\$3,409	-\$750
\$-3,409 to \$18,900	22% of AAI
\$18,901 to \$23,800	\$4,158 + 25% of AAI over \$18,900
\$23,801 to \$28,600	\$5,383 + 29% of AAI over \$23,800
\$28,601 to \$33,500	\$6,775 + 34% of AAI over \$28,600
\$33,501 to \$38,300	\$8,441 + 40% of AAI over \$33,500
\$38,301 or more	\$10,361 + 47% of AAI over \$38,300

Table 8 – Contribution from AAI

2023-24

Table 8: Contribution from AAI

EFC Formula A – Parents' Contribution from AAI
EFC Formula C – Student's Contribution from AAI

If the AAI is —	Then the contribution from AAI is—
Less than -\$3,409	-\$750
-\$3,409 to \$18,900	22% of AAI
\$18,901 to \$23,800	\$4,158 + 25% of AAI over \$18,900
\$23,801 to \$28,600	\$5,383 + 29% of AAI over \$23,800
\$28,601 to \$33,500	\$6,775 + 34% of AAI over \$28,600
\$33,501 to \$38,300	\$8,441 + 40% of AAI over \$33,500
\$38,301 or more	\$10,361 + 47% of AAI over \$38,300

2022-23

Table 8: Contribution from AAI

EFC Formula A – Parents' Contribution from AAI
EFC Formula C – Student's Contribution from AAI

If the AAI is —	Then the contribution from AAI is—
Less than -\$3,409	-\$750
-\$3,409 to \$17,500	22% of AAI
\$17,501 to \$22,000	\$3,850 + 25% of AAI over \$17,500
\$22,001 to \$26,500	\$4,975 + 29% of AAI over \$22,000
\$26,501 to \$31,000	\$6,280 + 34% of AAI over \$26,500
\$31,001 to \$35,500	\$7,810 + 40% of AAI over \$31,000
\$35,501 or more	\$9,610 + 47% of AAI over \$35,500

STUDENT'S INCOME IN 2021

29.	Adjusted gross income (FAFSA/SAR #33) If negative, enter zero.		
30.	Income earned from work (FAFSA/SAR #35)		
31.	Taxable income (If tax filer, enter the amount from line 29 above. If non-tax filer, enter the amount from line 30.)		
32.	Total untaxed income and benefits (total of FAFSA/SAR #41a through 41i)	+	
33.	Taxable and untaxed income (sum of line 31 and line 32)	=	
34.	Total additional financial information (total of FAFSA/SAR #40a through 40f)	-	
35.	TOTAL INCOME (line 33 minus line 34) May be a negative number.	=	

40. Student's 2021 Additional Financial Information (Enter the combined amounts for you and your spouse.)

a. Education credits (American Opportunity Tax Credit and Lifetime Learning Tax Credit) from IRS Form 1040 Schedule 3—line 3.	\$					0
b. Child support paid because of divorce or separation or as a result of a legal requirement. Don't include support for children in your household, as reported in question 90.	\$					0
c. Taxable earnings from need-based employment programs, such as Federal Work Study and need-based employment, portions of fellowships and assistantships.	\$			7	0	0
d. Taxable college grant and scholarship aid reported to the IRS as income. (Includes AmeriCorps benefits (awards, living allowances and interest accrual payments), as well as grant and scholarship portions of fellowships and assistantships.)	\$					0
e. Combat pay or special combat pay. Only enter the amount that was taxable and included in your adjusted gross income. Don't include untaxed combat pay.	\$					0
f. Earnings from work under a cooperative education program offered by a college.	\$					0

41. Student's 2021 Untaxed Income (Enter the combined amounts for you and your spouse.)

a. Payments to tax-deferred pension and retirement savings plans (paid directly or withheld from earnings), including, but not limited to, amounts reported on the W-2 forms in Boxes 12a through 12d, codes D, E, F, G, H and S. Don't include amounts reported in code DD (employer contributions toward employee health benefits).	\$					0
b. IRA deductions and payments to self-employed SEP, SIMPLE, Keogh and other qualified plans from IRS Form 1040 Schedule 1—total of lines 16 + 20.	\$					0
c. Child support received for any of your children. Don't include foster care or adoption payments.	\$					0
d. Tax-exempt interest income from IRS Form 1040—line 2a.	\$					0
e. Untaxed portions of IRA distributions and pensions from IRS Form 1040—(lines 4b + 5a) minus (lines 4b + 5b). Exclude rollovers. If negative, enter a zero here.	\$					0
f. Housing, food and other living allowances paid to members of the military, clergy and others (including cash payments and cash value of benefits). Don't include the value of on-base military housing or the value of a basic military allowance for housing.	\$					0
g. Veterans' moneducation benefits, such as Disability, Death Pension, or Dependency & Indemnity Compensation (DIC) and/or VA Educational Work-Study allowances.	\$					0
h. Other untaxed income not reported in items 41a through 41g, such as workers' compensation, disability benefits, and untaxed foreign income not earned from work. Also include the untaxed portions of health savings accounts from IRS Form 1040 Schedule 1—line 13. Don't include extended foster care benefits, student aid, earned income credit, additional child tax credit, welfare payments, untaxed Social Security benefits, Supplemental Security Income, Workforce Innovation and Opportunity Act educational benefits, on-base military housing or a military housing allowance, combat pay, benefits from flexible spending arrangements (e.g., cafeteria plans), foreign income exclusion or credit for federal tax on special fuels.	\$					0
i. Money received, or paid on your behalf (e.g., bills), not reported elsewhere on this form. This includes money that you received from a parent or other person whose financial information is not reported on this form and that is not part of a legal child support agreement. See Notes page 9.	\$					0

33. What was your (and spouse's) adjusted gross income for 2021? Adjusted gross income is on IRS Form 1040—line 11.	\$					7	0	0
34. Enter your (and spouse's) income tax for 2021. Income tax amount is the total of IRS Form 1040—line 22 minus Schedule 2—line 2. If negative, enter a zero here.	\$							0

Questions 35 and 36 ask about earnings (wages, salaries, tips, etc.) in 2021. Answer the questions whether or not a tax return was filed. This information may be found on the W-2 forms or by adding up the following items: IRS Form 1040—line 1 (or IRS Form 1040-NR—line 1a) + Schedule 1—lines 3 + 6 + Schedule K-1 (IRS Form 1065)—Box 14 (Code A). If a tax form line's value is negative, treat it as a zero in your calculation.

35. How much did you earn from working in 2021?	\$					7	0	0
36. How much did your spouse earn from working in 2021?	\$							0

ALLOWANCES AGAINST STUDENT INCOME

36.	2021 U.S. income tax paid (FAFSA/SAR #34) (tax filers only) If negative, enter zero.		
37.	State and other tax allowance (Table 2) If negative, enter zero.	+	
38.	Social Security tax allowance (Table 3)	+	
39.	Income protection allowance	+	7,600
40.	Allowance for parents' negative Adjusted available income (If line 25 is negative, enter line 25 as a positive number in line 40. If line 25 is zero or positive, enter zero in line 40.)	+	
41.	TOTAL ALLOWANCES	=	

STUDENT'S CONTRIBUTION FROM INCOME

TOTAL INCOME (from line 35)			
TOTAL ALLOWANCES (from line 41) If line 41 is greater than \$9,999,999 use \$9,999,999		-	
42.	Available income (AI)	=	
43.	Assessment of AI	×	.50
44.	STUDENT'S CONTRIBUTION FROM AI If negative, enter zero.	=	

Table 2: State and Other Tax Allowance

EFC Formula A (student only) – To calculate the state and other tax allowance (line 37), multiply the student's total income (line 35) by the appropriate percentage from the table below. Use the student's state of legal residence (FAFSA/SAR #18). If this item is blank or invalid, use the student's mailing address (FAFSA/SAR #6). If both items are blank or invalid, use the parent's state of legal residence (FAFSA/SAR #66). If all three items are blank or invalid, use the percentage for a blank or invalid state below.

EFC Formula B – To calculate the state and other tax allowance (line 9), multiply the total income of the student and spouse (line 7) by the appropriate percentage from the table below. Use the student's state of legal residence (FAFSA/SAR #18). If this item is blank or invalid, use the state in the student's mailing address (FAFSA/SAR #6). If both items are blank or invalid, use the percentage for a blank or invalid state above.

State	Percent	State	Percent
Alabama	2%	Montana	3%
Alaska	0%	Nebraska	3%
American Samoa	1%	Nevada	1%
Arizona	2%	New Hampshire	1%
Arkansas	2%	New Jersey	2%
California	0%	New Mexico	2%
Canada and Canadian Provinces	1%	New York	7%
Colorado	3%	North Carolina	3%
Connecticut	5%	North Dakota	1%
Delaware	3%	Northern Mariana Islands	1%
District of Columbia	6%	Ohio	3%
Federated States of Micronesia	1%	Oklahoma	2%
Florida	1%	Oregon	2%
Georgia	1%	Pakistan	1%
Guam	1%	Pennsylvania	2%
Hawaii	4%	Puerto Rico	1%
Idaho	4%	Rhode Island	4%
Illinois	3%	South Carolina	3%
Indiana	3%	South Dakota	1%

Table 3: Social Security Tax

EFC Formula A – Separately calculate the Social Security tax of parent 1, parent 2, and the student.

EFC Formulas B and C – Separately calculate the Social Security tax of the student and spouse.

Separately calculate the Social Security tax using the following income earned from work fields found on the FAFSA form and SAR.

- Student's is FAFSA/SAR #35.
- Spouse's is FAFSA/SAR #36.
- Parent 1 (father/mother/stepparent) is FAFSA/SAR #83.
- Parent 2 (father/mother/stepparent) is FAFSA/SAR #84.

Note: The Social Security tax will never be less than zero.

Income Earned from Work	Social Security Tax
\$0 – \$142,800	7.65% of income
\$142,801 to \$200,000	\$10,924.20 + 1.45% of amount over \$142,800
\$200,001 or greater	\$11,753.60 + 2.35% of amount over \$200,000

STUDENT'S CONTRIBUTION FROM ASSETS

45. Cash, savings, and checking (FAFSA/SAR #37)		
46. Net worth of investments* (FAFSA/SAR #38)		
If negative, enter zero	+	
47. Net worth of business and/or investment farm (FAFSA/SAR #39)		
If negative, enter zero.	+	
48. Net worth (sum of lines 45 through 47)	=	
49. Assessment rate	×	.20
50. STUDENT'S CONTRIBUTION FROM ASSETS	=	

37. As of today, what is your (and spouse's) total current balance of cash, savings, and checking accounts? **Don't include** student financial aid.

\$

38. As of today, what is the net worth of your (and spouse's) investments, including real estate? **Don't include** the home you live in. **See Notes page 9.**

\$

39. As of today, what is the net worth of your (and spouse's) current businesses and/or investment farms? **Don't include** a family farm or family business with 100 or fewer full-time or full-time equivalent employees. **See Notes page 9.**

\$

EFC Calculation

$$\begin{aligned} & \text{Parents' contribution} \\ & + \text{Student's contribution} \\ & \hline & = \text{Nine-month EFC} \end{aligned}$$

EXPECTED FAMILY CONTRIBUTION	
PARENTS' CONTRIBUTION (from line 28)	
STUDENT'S CONTRIBUTION FROM AI (from line 44)	+
STUDENT'S CONTRIBUTION FROM ASSETS (from line 50)	+
51. EXPECTED FAMILY CONTRIBUTION (standard contribution for nine-month enrollment)** If negative, enter zero.	=

*Do not include the student's home.

**To calculate the EFC for other than nine-month enrollment, see the next page.



Independent Student
without Dependents Other
than a Spouse

Formula B



Independent Student without Dependents Other Than a Spouse

- Applies to single and married independent students
- EFC Components:
 - Contribution from student's (and spouse's) available income
 - Contribution from student's (and spouse's) assets



Independent Student
with Dependents Other
than a Spouse

Formula C



Independent Students with Dependents Other Than a Spouse

- Analysis looks much like that of parents of dependent students
 - Similar allowances and asset conversion rate

Independent Formulas

Some EFC factors vary among the independent formulas:

- Income Protection Allowance
- Employment Expense Allowance
- Student Contribution from Income
- Student Contribution from Assets

DEPENDENT STUDENT than a Spouse		REGULAR WORKSHEET Page 1	B
CONTRIBUTION FROM AVAILABLE INCOME			
TOTAL INCOME (from line 7)			
TOTAL ALLOWANCES (from line 14) If line 14 is greater than \$9,999,999 use \$9,999,999	-		
15. Available Income (AI)	=		
16. Assessment rate	×	.50	
17. CONTRIBUTION FROM AI May be a negative number.	=		
STUDENT'S/SPOUSE'S CONTRIBUTION FROM ASSETS			
18. Cash, savings, and checking (FAFSA/SAR #37)			
19. Net worth of investments* (FAFSA/SAR #38) If negative, enter zero.	+		
20. Net worth of business and/or investment farm (FAFSA/SAR #39) If negative, enter zero.	+		
21. Adjusted net worth of business/farm (Calculate using Table 6.)	+		
22. Net worth (sum of lines 18, 19, and 21)	=		
23. Asset protection allowance (Table 7)	-		
24. Discretionary net worth (line 22 minus line 23)	=		
25. Asset conversion rate	×	.20	
26. CONTRIBUTION FROM ASSETS If negative, enter zero.	=		

DEPENDENT STUDENT than a Spouse		REGULAR WORKSHEET Page 1	C
AVAILABLE INCOME			
TOTAL INCOME (from line 7)			
TOTAL ALLOWANCES (from line 14) If line 14 is greater than \$9,999,999 use \$9,999,999	-		
15. AVAILABLE INCOME (AI) May be a negative number.	=		
STUDENT'S/SPOUSE'S CONTRIBUTION FROM ASSETS			
16. Cash, savings, and checking (FAFSA/SAR #37)			
17. Net worth of investments** (FAFSA/SAR #38) If negative, enter zero.	+		
18. Net worth of business and/or investment farm (FAFSA/SAR #39) If negative, enter zero.	+		
19. Adjusted net worth of business/farm (Calculate using Table 6.)	+		
20. Net worth (sum of lines 16, 17, and 19)	=		
21. Asset protection allowance (Table 7)	-		
22. Discretionary net worth (line 20 minus line 21)	=		
23. Asset conversion rate	×	.07	
24. CONTRIBUTION FROM ASSETS If negative, enter zero.	=		

Intermediate Values

- Abbreviations and values for the formula components are shown in the Intermediate Values section of the student's ISIR
- Useful to FAAs performing recalculations or making professional judgment adjustments

Correction #	Applied To	99
Application	Receipt Date	MM/DD/CCYY
Intermediate Values		
999999	TI	99999999 PCA 99999999
999999	ATI	99999999 AAI 99999999
999999	STX	99999999 TSC 99999999
999999	EA	99999999 TPC 99999999
999999	IPA	99999999 PC 99999999
999999	AI	99999999 STI 99999999
	CAI	99999999 SATI 99999999
	DNW	99999999 SIC 99999999
s	Student	Parent
	X	X
	X	X
pe	X	X
Status	X	X
	X	X
		Duplicate SSN Flag XXX
		Address Only Correction X

From the ISIR Guide

Intermediate Values

These abbreviations represent the intermediate steps used in calculating the EFC. They show the components of the need analysis formula, such as the employment allowance or parents' contribution from assets. These components are defined by Congress. The values can be useful to FAAs in performing recalculations or in making professional judgment adjustments to data items. The intermediate values are identified as follows:

ISIR Field Label	Description
TI	Total Income
ATI	Allowances against Total Income
STX	State and Other Tax Allowance
EA	Employment Allowance
IPA	Income Protection Allowance
AI	Available Income
CAI	Contribution from Available Income (Independent Student)
DNW	Discretionary Net Worth
NW	Net Worth
APA	Education Savings and Asset Protection Allowance
PCA	Parents' Contribution from Assets
AAI	Adjusted Available Income
TSC	Total Student's Contribution
TPC	Total Parents' Contribution
PC	Parents' Contribution
STI	Student's Total Income
SATI	Student's Allowance against Total Income
SIC	Dependent Student's Income Contribution
SDNW	Student's Discretionary Net Worth
SCA	Dependent Student's Contribution from Assets
FTI	Fiscal Operations Report and Application to Participate (FISAP) Total Income

More information on the need analysis formula and methodology for calculating the EFC is available in the [Federal Student Aid Handbook, Volume 1: Student Eligibility](#) and in the [2023-2024 EFC Formula Guide](#).

FAFSA Simplification

- Replaces the EFC with the Student Aid Index (SAI) in 2024-25
 - Students and families will see a different measure of their ability to pay for college and a change in the methodology used to determine aid eligibility
 - The SAI is a number that will determine each student's eligibility for certain types of federal student aid
- Makes changes to the need analysis calculation
 - Allows a minimum SAI of -1,500
 - Income protection allowance increases
 - State/other tax allowance removed
 - Removes the number of family members in college from the calculation
 - Small business/family farm exclusion eliminated
- Extends the Federal Pell Grant to more students and links eligibility to family size and the federal poverty level
- Implements separate eligibility determination criteria for Federal Pell Grants.

Federal Pell Eligibility and SAI Guide

2024-2025 DRAFT Pell Eligibility and SAI Guide

Introduction

The intent of this document is to provide a preliminary introduction to the new calculation for federal student aid eligibility using the Student Aid Index beginning in the 2024-25 award year. This draft guide represents anticipated implementation of the Student Aid Index (SAI) at the time of publication. A final SAI formula guide will be published in the future to the Knowledge Center website.

FAFSA Simplification and the Consolidated Appropriations Act of 2021

In 2020, the FAFSA Simplification Act was enacted into law as part of the Consolidated Appropriations Act of 2021. The FAFSA Simplification Act represents a significant overhaul of federal student aid, including the Free Application for Federal Student Aid (FAFSA®) form, need analysis, and many policies and procedures for schools that participate in the Title IV programs.

Replacing the Expected Family Contribution (EFC) with the Student Aid Index (SAI)

Not only will students and families see a different measure of their ability to pay for college, but they will also experience a change in the methodology used to determine aid. The new need analysis formula removes the number of family members in college from the calculation, allows a minimum SAI of -1,500, and implements separate eligibility determination criteria for Federal Pell Grants.

Expanding Access to Pell Grants

The FAFSA Simplification Act extends the Federal Pell Grant to more students and links eligibility to family size and the federal poverty level. This builds on changes implemented in the 2023-24 award year including incarcerated students regaining the ability to receive a Federal Pell Grant and restoration of Federal Pell Grant lifetime eligibility to students whose school closed while they were enrolled or if the school is found to have misled the student. Streamlining the FAFSA Form

Where possible, the law mandates that FSA use data received directly from the Internal Revenue Service (IRS) to calculate Federal Pell Grant eligibility and the SAI. This data exchange has been made possible by the Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act), which FSA will implement alongside FAFSA simplification. The FAFSA Simplification Act also removes questions about Selective Service registration and drug convictions and adds questions about applicants' sex and race/ethnicity.

2024–25

FAFSA® Pell Eligibility
and SAI Guide

Version 3

January 2024

U.S. Department of Education's
Federal Student Aid



2024-25 Pell Eligibility and SAI Guide

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2024-25 Pell Eligibility and SAI Guide

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Student Aid Index (SAI)

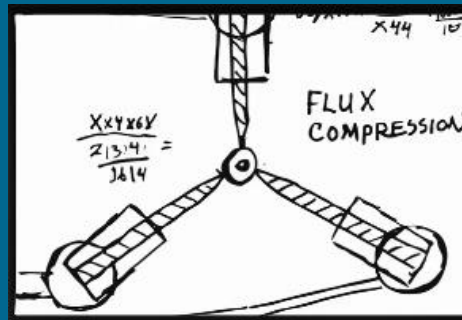
- The SAI will be calculated using information provided on the FAFSA® using one of three formulas:
 - Formula A – Dependent students
 - Formula B – Independent students without dependents other than a spouse; and
 - Formula C – Independent students with dependents other than a spouse.
- Student Aid index can be -1500 (rather than 0 under EFC)
 - There is no longer an Auto Zero Formula
 - There is no Simplified Needs Test, however, certain applicants may be exempt from asset reporting based on income and tax filing status
- The ISIR will include the SAI, Intermediate values, Maximum Pell Indicator and Minimum Pell indicator

Student Aid Index (SAI)

- A **dependent student** applicant is exempt from asset reporting if they meet one of the following criteria:
 - The applicant qualifies for a Maximum Pell Grant.
 - The applicant's parents' 2022 combined AGI is less than \$60,000 and they did not file a Schedule A, B, D, E, F, or H, AND
 - They did not file a Schedule C, OR
 - They filed a Schedule C with net business income that is less than or equal to \$10,000 AND greater than or equal to -\$10,000.
 - The applicant or applicant's parent received a benefit under a means-tested Federal benefit program during the 2022 or 2023 calendar year.
- Exception: A dependent student whose parents (1) live outside the U.S. or (2) did not file taxes in the U.S. or a U.S. territory is not exempt from asset reporting unless they were not required to file due to having income below the filing threshold.

Student Aid Index (SAI)

- An **independent student** applicant is exempt from asset reporting if they meet one of the following criteria.
 - The applicant qualifies for a Maximum Pell Grant.
 - The applicant's (and applicant's spouse, if applicable) 2022 combined AGI is less than \$60,000 and they did not file a Schedule A, B, D, E, F, or H, AND
 - They did not file a Schedule C, OR
 - They filed a Schedule C with net business income that is less than or equal to \$10,000 AND greater than or equal to -\$10,000.
 - The applicant or applicant's spouse received a benefit under a means-tested Federal benefit program during the 2022 or 2023 calendar year.



SAI Tables for the Three Formulas

List of Tables used in SAI Calculation

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Dependent Student Formula A

Formula A – Dependent Students

SAI = Parents' Contribution + Student's Contribution from Income + Student's Contribution from Assets

Parent Contribution from Income		
Parent Income Additions		
a. Parents' AGI		
b. Parents' Deductible Payments to IRA/KEOGH/Other	+	
c. Parents' Tax-Exempt Interest Income	+	
d. Parents' Untaxed Portions of IRA Distributions (Excluding rollovers; if less than zero, enter zero)	+	
e. Parents' Untaxed Portions of Pensions (Excluding rollovers; if less than zero, enter zero)	+	
f. Parents' Foreign Income Exclusion (reported on U.S. Tax Return; if less than zero, enter the absolute value)	+	
1. Total Parent Income Additions (sum of lines a, b, c, d, e, and f)	=	
Parent Income Offsets		
g. Parents' Taxable College Grant and Scholarship Aid (reported as income)		
h. Parents' Education Credits	+	
i. Parents' Federal Work-study (FWS)	+	
2. Total Parent Income Offsets (sum of lines g, h, and i)	=	
3. Total Parent Income (line 1 minus line 2)		
• Total Parent Income Additions – Total Parent Income Offsets		
• May be a negative number	=	
Allowances Against Parents' Income		
4. Parents' U.S. Income Tax Paid (or Foreign Equivalent)		
5. Payroll Tax Allowance (Table A1)		
a. Medicare's Hospital Insurance (HI) Program Tax Rate (Table A1: Step 1)	+	
b. Old-age, survivors, & disability insurance (OASDI) Tax Rate (Table A1: Step 2)	+	
6. Income Protection Allowance (Table A2)		
• Use the calculated Family Size to determine the IPA	+	
7. Employment Expense Allowance (EEA)		
• The lesser of:		
▪ 35% of parents' combined income, OR		
▪ \$4,730	+	

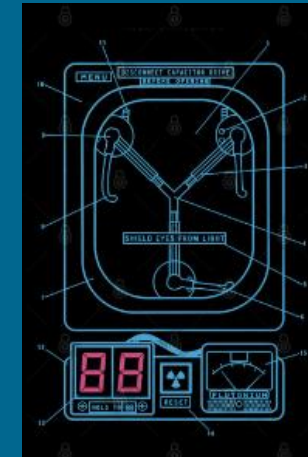
8. Total Parent Allowances Against Income (sum lines 4, 5a, 5b, 6, and 7)	=	
Parents' Available Income (PAI)		
Total Parent Income (line 3)		
Total Parent Allowances Against Income (line 8)	-	
9. Parent Available Income (line 3 minus line 8)		
• May be a negative number	=	

Parent Contribution from Assets		
10. Annual child support received for the last complete calendar year		
11. Cash, savings, and checking accounts	+	
12. Net worth of investments		
• Includes: time deposits, money market funds, real estate (excluding primary residence), vacation homes, income producing property, trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, and qualified education benefits		
• If negative, enter zero	+	
13. Adjusted net worth of business and/or farm (Table A3)		
• Net worth of business and/or farm multiplied by the applicable adjustment in Table A3	+	
14. Net worth (sum of lines 10, 11, 12, and 13)	=	
15. Asset Protection Allowance (APA) (Table A4)	-	
16. Asset Conversion Rate (12%)	x	0.12
17. Parent Contribution from Assets (PCA)		
• (Line 14 minus line 15) times line 16		
• If negative, enter zero	=	

Total Parent Contribution		
Parent Adjusted Available Income (PAAI)		
Parents' Available Income (line 9)		
Parents' Contribution from Assets (line 17)	+	
18. Parent Adjusted Available Income (line 9 plus line 17)		
• May be a negative number	=	
Parents' Contribution		
19. Parents' Contribution (Table A5)		
• Adjust PAAI (line 18) using Table A5	=	

Parents' Contribution

$$\begin{aligned} & \text{Available income} \\ & + \text{Contribution from assets} \\ & = \text{Adjusted available income (may be a negative number)} \\ & \times \text{Assessment rate} \\ & \hline & = \text{Parents' Contribution} \end{aligned}$$



Student Contribution from Income		
Student Income Additions		
a. Student AGI		
b. Student Deductible Payments to IRA/KEOGH/Other	+	
c. Student Exempt Interest Income	+	
d. Student Untaxed Portions of IRA Distributions (Excluding rollovers; if less than zero, enter zero)	+	
e. Student Untaxed Portions of Pensions (Excluding rollovers; if less than zero, enter zero)	+	
f. Student Foreign Income Exclusion (reported on U.S. Tax Return; if less than zero, enter the absolute value)	+	
20. Total Student Income Additions (sum of lines a, b, c, d, e, and f)	=	
Student Income Offsets		
g. Student College Grant and Scholarship Aid (reported as income)		
h. Student Education Credits	+	
i. Student Federal Work-study (FWS)	+	
21. Total Student Income Offsets (sum of lines g, h, and i)	=	
22. Total Student Income (line 20 minus line 21)		
• Total Student Income Additions – Total Student Income Offsets		
• May be a negative number	=	
Allowances Against Student Income		
23. Student U.S. Income Tax Paid (or Foreign Equivalent)		
24. Payroll Tax Allowance (Table A1)		
a. Medicare's Hospital Insurance (HI) Program Tax Rate (Table A1: Step 1)	+	
b. Old-age, survivors, & disability insurance (OASDI) Tax Rate (Table A1: Step 2)	+	
25. Income Protection Allowance	+	11,130
26. Allowance for parents' negative adjusted available income		
a. If line 18 is negative, enter line 18 as a positive number		
b. If line 18 is zero or positive, enter zero	+	
27. Total Student Allowances Against Income (sum lines 23, 24a, 24b, 25, and 26)	=	
Student's Contribution from Income		
Total Student Income (line 22)		
Total Student Allowances Against Income (line 27)	-	

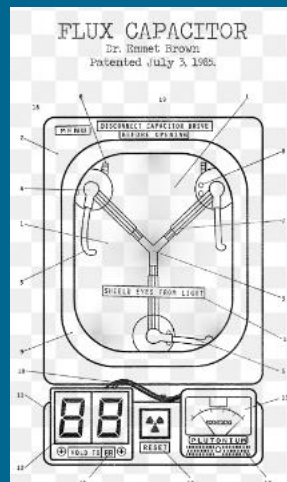
28. Student Available Income (line 22 minus line 27) May be a negative number	=	
29. Assessment of Student Available Income	x	0.50
30. Student's Contribution from Income (line 28 times line 29)		
• If negative and < -1,500, adjust to -1,500 (e.g., if -2,000 set to -1,500)		
• If negative and >= -1,500, do not adjust (e.g., if -1,000 leave as -1,000)	=	

Student Contribution from Assets		
31. Cash, savings, and checking accounts		
32. Net worth of investments		
• Includes: time deposits, money market funds, real estate (excluding primary residence), vacation homes, income producing property, trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, and qualified education benefits		
• If negative, enter zero	+	
33. Adjusted net worth of business and/or farm (Table A3)		
• Net worth of business and/or farm multiplied by the applicable adjustment in Table A3	+	
34. Net worth (sum of lines 31, 32, and 33)	=	
35. Asset Conversion Rate (20%)	X	0.20
36. Student Contribution from Assets (SCA)		
• Line 34 times line 35		
• If negative, enter zero	=	

Student Aid Index (SAI)		
Parents' Contribution (line 19)		
Student's Contribution from Income (line 30)	+	
Student's Contribution from Assets (line 36)	+	
37. Student Aid Index (sum of lines 19, 30, and 36)		
• If negative and < -1,500, adjust to -1,500 (e.g., if -2,000 set to -1,500)		
• If negative and >= -1,500, do not adjust (e.g., if -1,000 leave as -1,000)	=	

Student's Contribution

$$\begin{aligned} & \text{Student's contribution from income} \\ + & \text{ Student's contribution from assets} \\ \hline = & \text{ Student contribution (may be a negative number)} \end{aligned}$$



Formula A – Dependent Students

SAI = Parents' Contribution + Student's Contribution from Income + Student's Contribution from Assets

Parent Contribution from Income		
Parent Income Additions		
a. Parents' AGI		
b. Parents' Deductible Payments to IRA/KEOGH/Other	+	
c. Parents' Tax-Exempt Interest Income	+	
d. Parents' Untaxed Portions of IRA Distributions (Excluding rollovers; if less than zero, enter zero)	+	
e. Parents' Untaxed Portions of Pensions (Excluding rollovers; if less than zero, enter zero)	+	
f. Parents' Foreign Income Exclusion (reported on U.S. Tax Return; if less than zero, enter the absolute value)	+	
1. Total Parent Income Additions (sum of lines a, b, c, d, e, and f)	=	
Parent Income Offsets		
g. Parents' Taxable College Grant and Scholarship Aid (reported as income)		
h. Parents' Education Credits	+	
i. Parents' Federal Work-study (FWS)	+	
2. Total Parent Income Offsets (sum of lines g, h, and i)	=	
3. Total Parent Income (line 1 minus line 2)		
<ul style="list-style-type: none"> Total Parent Income Additions – Total Parent Income Offsets May be a negative number 	=	

PARENTS' INCOME IN 2021		
1. Parents' adjusted gross income (FAFSA/SAR #81) If negative, enter zero.		
2. a. Parent 1 (father/mother/stepparent) income earned from work (FAFSA/SAR #83)		
2. b. Parent 2 (father/mother/stepparent) income earned from work (FAFSA/SAR #84)	+	
Total parents' income earned from work	=	
3. Taxable income (If tax filers, enter the amount from line 1 above. If non-tax filers, enter the amount from line 2.)*		
4. Total untaxed income and benefits: (total of FAFSA/SAR #89a through 89h)	+	
5. Taxable and untaxed income (sum of line 3 and line 4)	=	
6. Total additional financial information (total of FAFSA/SAR #88a through 88f)	-	
7. TOTAL INCOME (line 5 minus line 6) May be a negative number.	=	

Allowances Against Parents' Income

4. Parents' U.S. Income Tax Paid (or Foreign Equivalent)		
5. Payroll Tax Allowance (Table A1)		
a. Medicare's Hospital Insurance (HI) Program Tax Rate (Table A1: Step 1)	+	
b. Old-age, survivors, & disability insurance (OASDI) Tax Rate (Table A1: Step 2)	+	
6. Income Protection Allowance (Table A2)		
• Use the calculated Family Size to determine the IPA	+	
7. Employment Expense Allowance (EEA)		
• The lesser of:		
▪ 35% of parents' combined income, OR		
▪ \$4,730	+	
8. Total Parent Allowances Against Income (sum lines 4, 5a, 5b, 6, and 7)	=	

ALLOWANCES AGAINST PARENTS' INCOME		
8. 2021 U.S. income tax paid (FAFSA/SAR #82) (tax filers only) If negative, enter zero.		
9. State and other tax allowance (Table 1) If negative, enter zero.	+	
10. Parent 1 (father/mother/stepparent) Social Security tax allowance (Table 3)	+	
11. Parent 2 (father/mother/stepparent) Social Security tax allowance (Table 3)	+	
12. Income protection allowance (Table 4)	+	
13. Employment expense allowance:		
• Two working parents (Parents' Marital Status is "married" or "unmarried and both parents living together"): 35% of the lesser of the earned incomes, or \$4,700, whichever is less		
• One-parent families: 35% of earned income, or \$4,700, whichever is less		
• Two-parent families, one working parent: enter zero	+	
14. TOTAL ALLOWANCES	=	

Table A1: Payroll Tax Allowance

Tax Rate Program	Tax Rate
Step 1: Medicare's Hospital Insurance (HI) Program Tax Rate	<p>If Parent filed as Single, HoH or Qualifying Surviving Spouse:</p> <ul style="list-style-type: none"> 1.45% of parent income earned from work up to \$200,000, (+) plus 2.35% of parent income earned from work over \$200,000 <p>If Parent filed as Married-Filed Joint Return (MFJ):</p> <ul style="list-style-type: none"> 1.45% of parents' combined income earned from work up to \$250,000, (+) plus 2.35% of parents' combined income earned from work over \$250,000 <p>If Parent filed as Married-Filed Separate Return (MFS):</p> <ul style="list-style-type: none"> 1.45% of parent income earned from work up to \$125,000, (+) plus 1.45% of parent spouse's income earned from work up to \$125,000, (+) plus 2.35% of parent income earned from work over \$125,000 (+) plus 2.35% of parent spouse's income earned from work over \$125,000 <p>If Dependent Student:</p> <ul style="list-style-type: none"> 1.45% of dependent student income earned from work up to \$200,000, (+) plus 2.35% of dependent student income earned from work over \$200,000.

Step 2: Old-age, survivors, and disability insurance (OASDI) Tax Rate

If Parent:

- For those reporting a single parental income, 6.2% of parent's total earned income up to Contributions and Benefit Base of \$147,000 for Tax Year 2022. If parent's total earned income exceeds \$147,000, then input \$9,114*.
- For those reporting two parental incomes or whose parents filed a joint return, 6.2% of parents total earned income up to Contributions and Benefit Base of \$294,000 for Tax Year 2022. If parents' total earned income exceeds \$294,000, then input \$18,228*.

If Dependent Student:

- 6.2% of student's total earned income up to Contribution Base of \$147,000 for Tax Year 2022. If the student's income exceeds \$147,000, then input \$9,114*.

Table A2: Income Protection Allowance

Family Size (including student)	Income Protection Allowance Amount
2	\$27,600
3	\$34,350
4	\$42,430
5	\$50,060
6	\$58,560

Note: For each additional household member, add \$6,610.

Parents' Available Income (PAI)		
Total Parent Income (line 3)		
Total Parent Allowances Against Income (line 8)	-	
9. Parent Available Income (line 3 minus line 8)		
<ul style="list-style-type: none"> • May be a negative number 	=	

AVAILABLE INCOME		
TOTAL INCOME (from line 7)		
TOTAL ALLOWANCES (from line 14)	-	
15. AVAILABLE INCOME (AI)		
May be a negative number.	=	

Parent Contribution from Assets

10. Annual child support received for the last complete calendar year		
11. Cash, savings, and checking accounts	+	
12. Net worth of investments <ul style="list-style-type: none"> Includes: time deposits, money market funds, real estate (excluding primary residence), vacation homes, income producing property, trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, and qualified education benefits If negative, enter zero 	+	
13. Adjusted net worth of business and/or farm (Table A3) <ul style="list-style-type: none"> Net worth of business and/or farm multiplied by the applicable adjustment in Table A3 	+	
14. Net worth (sum of lines 10, 11, 12, and 13)	=	
15. Asset Protection Allowance (APA) (Table A4)	-	
16. Asset Conversion Rate (12%)	x	0.12
17. Parent Contribution from Assets (PCA) <ul style="list-style-type: none"> (Line 14 minus line 15) times line 16 If negative, enter zero 	=	

PARENTS' CONTRIBUTION FROM ASSETS		
16. Cash, savings, and checking (FAFSA/SAR #85)		
17. Net worth of investments** (FAFSA/SAR #86) If negative, enter zero.	+	
18. Net worth of business and/or investment farm (FAFSA/SAR #87) If negative, enter zero.	+	
19. Adjusted net worth of business/farm (Calculate using Table 6.)	+	
20. Net worth (sum of lines 16, 17, and 19)	=	
21. Education savings and asset protection allowance (Table 7)	-	
22. Discretionary net worth (line 20 minus line 21)	=	
23. Asset conversion rate	x	.12
24. CONTRIBUTION FROM ASSETS If negative, enter zero.	=	

Table A3: Business/Farm Net Worth Adjustment

If the net worth of a business or farm is _____	Then the adjusted net worth is _____
Less than \$1	\$0
\$1 to \$165,000	40% of net worth of business/farm
\$165,001 to \$490,000	\$66,000 + 50% of net worth over \$165,000
\$490,001 to \$820,000	\$228,500 + 60% of net worth over \$490,000
\$820,001 or more	\$426,500 + 100% of net worth over \$820,000

Table A4: Asset Protection Allowance (Parents Only)

Age of older parent as of 12/31/2023*	Allowance if there are two parents**	Allowance if there is only one parent	Age of older parent as of 12/31/2023*	Allowance if there are two parents**	Allowance if there is only one parent
25 or less	\$0	\$0	46	\$0	\$0
26	\$0	\$0	47	\$0	\$0
27	\$0	\$0	48	\$0	\$0
28	\$0	\$0	49	\$0	\$0
29	\$0	\$0	50	\$0	\$0
30	\$0	\$0	51	\$0	\$0
31	\$0	\$0	52	\$0	\$0
32	\$0	\$0	53	\$0	\$0
33	\$0	\$0	54	\$0	\$0
34	\$0	\$0	55	\$0	\$0

* Determine the age of the older parent listed in FAFSA/FAFSA Submission Summary and # as of 12/31/2023. If no parent date of birth is provided, use age 45.

** Use the two-parent allowance when the parent indicator is married.

Total Parent Contribution

Parent Adjusted Available Income (PAAI)		
Parents' Available Income (line 9)		
Parents' Contribution from Assets (line 17)	+	
18. Parent Adjusted Available Income (line 9 plus line 17)		
• May be a negative number	=	
Parents' Contribution		
19. Parents' Contribution (Table A5)		
• Adjust PAAI (line 18) using Table A5	=	

Table A5: Parents' Contribution from Adjusted Available Income

If the parents' AAI is ____	Then the parents' contribution from AAI is ____
Less than -\$6,820	-\$1,500
-\$6,820 to \$20,600	22% of AAI
\$20,601 to \$25,800	\$4,532 + 25% of AAI over \$20,600
\$25,801 to \$31,000	\$5,832 + 29% of AAI over \$25,800
\$31,001 to \$36,300	\$7,340 + 34% of AAI over \$31,000
\$36,301 to \$41,500	\$9,142 + 40% of AAI over \$36,300
\$41,501 or more	\$11,222 + 47% of AAI over \$41,500

PARENTS' CONTRIBUTION		
AVAILABLE INCOME (AI) (from line 15)		
CONTRIBUTION FROM ASSETS (from line 24)	+	
25. Adjusted available income (AAI) May be a negative number.	=	
26. Total parents' contribution from AAI (Calculate using Table 8.) If negative, enter zero.		
27. Number in college in 2023–2024 (Exclude parents.) (FAFSA/SAR #70)	÷	
28. PARENTS' CONTRIBUTION (standard contribution for nine-month enrollment)*** If negative, enter zero.	=	

Student Contribution from Income

Student Income Additions

a. Student AGI		
b. Student Deductible Payments to IRA/KEOGH/Other	+	
c. Student Exempt Interest Income	+	
d. Student Untaxed Portions of IRA Distributions (Excluding rollovers; if less than zero, enter zero)	+	
e. Student Untaxed Portions of Pensions (Excluding rollovers; if less than zero, enter zero)	+	
f. Student Foreign Income Exclusion (reported on U.S. Tax Return; if less than zero, enter the absolute value)	+	
20. Total Student Income Additions (sum of lines a, b, c, d, e, and f)	=	

Student Income Offsets

g. Student College Grant and Scholarship Aid (reported as income)		
h. Student Education Credits	+	
i. Student Federal Work-study (FWS)	+	
21. Total Student Income Offsets (sum of lines g, h, and i)	=	
22. Total Student Income (line 20 minus line 21)		
<ul style="list-style-type: none"> • Total Student Income Additions – Total Student Income Offsets • May be a negative number 	=	

REGULAR
WORKSHEET
Page 2

A

STUDENT'S INCOME IN 2021

29.	Adjusted gross income (FAFSA/SAR #33) If negative, enter zero.		
30.	Income earned from work (FAFSA/SAR #35)		
31.	Taxable income (If tax filer, enter the amount from line 29 above. If non-tax filer, enter the amount from line 30.)		
32.	Total untaxed income and benefits (total of FAFSA/SAR #41a through 41i)	+	
33.	Taxable and untaxed income (sum of line 31 and line 32)	=	
34.	Total additional financial information (total of FAFSA/SAR #40a through 40f)	-	
35.	TOTAL INCOME (line 33 minus line 34) May be a negative number.	=	

Allowances Against Student Income		
23. Student U.S. Income Tax Paid (or Foreign Equivalent)		
24. Payroll Tax Allowance (Table A1)		
a. Medicare's Hospital Insurance (HI) Program Tax Rate (Table A1: Step 1)	+	
b. Old-age, survivors, & disability insurance (OASDI) Tax Rate (Table A1: Step 2)	+	
25. Income Protection Allowance	+	11,130
26. Allowance for parents' negative adjusted available income		
a. If line 18 is negative, enter line 18 as a positive number		
b. If line 18 is zero or positive, enter zero	+	
27. Total Student Allowances Against Income (sum lines 23, 24a, 24b, 25, and 26)	=	

ALLOWANCES AGAINST STUDENT INCOME		
36.	2021 U.S. income tax paid (FAFSA/SAR #34) (tax filers only) If negative, enter zero.	
37.	State and other tax allowance (Table 2) If negative, enter zero.	+
38.	Social Security tax allowance (Table 3)	+
39.	Income protection allowance	+
		7,600
40.	Allowance for parents' negative Adjusted available income (If line 25 is negative, enter line 25 as a positive number in line 40. If line 25 is zero or positive, enter zero in line 40.)	+
41.	TOTAL ALLOWANCES	=

Table A1: Payroll Tax Allowance

Tax Rate Program	Tax Rate
Step 1: Medicare's Hospital Insurance (HI) Program Tax Rate	<p>If Parent filed as Single, HoH or Qualifying Surviving Spouse:</p> <ul style="list-style-type: none"> 1.45% of parent income earned from work up to \$200,000, (+) plus 2.35% of parent income earned from work over \$200,000 <p>If Parent filed as Married-Filed Joint Return (MFJ):</p> <ul style="list-style-type: none"> 1.45% of parents' combined income earned from work up to \$250,000, (+) plus 2.35% of parents' combined income earned from work over \$250,000 <p>If Parent filed as Married-Filed Separate Return (MFS):</p> <ul style="list-style-type: none"> 1.45% of parent income earned from work up to \$125,000, (+) plus 1.45% of parent spouse's income earned from work up to \$125,000, (+) plus 2.35% of parent income earned from work over \$125,000 (+) plus 2.35% of parent spouse's income earned from work over \$125,000 <p>If Dependent Student:</p> <ul style="list-style-type: none"> 1.45% of dependent student income earned from work up to \$200,000, (+) plus 2.35% of dependent student income earned from work over \$200,000.

Step 2: Old-age, survivors, and disability insurance (OASDI) Tax Rate	<p>If Parent:</p> <ul style="list-style-type: none"> For those reporting a single parental income, 6.2% of parent's total earned income up to Contributions and Benefit Base of \$147,000 for Tax Year 2022. If parent's total earned income exceeds \$147,000, then input \$9,114*. For those reporting two parental incomes or whose parents filed a joint return, 6.2% of parents total earned income up to Contributions and Benefit Base of \$294,000 for Tax Year 2022. If parents' total earned income exceeds \$294,000, then input \$18,228*. <p>If Dependent Student:</p> <ul style="list-style-type: none"> 6.2% of student's total earned income up to Contributions and Benefit Base of \$147,000 for Tax Year 2022. If the student's total earned income exceeds \$147,000, then input \$9,114*.
---	---

Student's Contribution from Income		
Total Student Income (line 22)		
Total Student Allowances Against Income (line 27)	-	
28. Student Available Income (line 22 minus line 27) May be a negative number	=	
29. Assessment of Student Available Income	x	0.50
30. Student's Contribution from Income (line 28 times line 29) <ul style="list-style-type: none"> If negative and < -1,500, adjust to -1,500 (e.g., if -2,000 set to -1,500) If negative and >= -1,500, do not adjust (e.g., if -1,000 leave as -1,000) 	=	

STUDENT'S CONTRIBUTION FROM INCOME		
TOTAL INCOME (from line 35)		
TOTAL ALLOWANCES (from line 41) If line 41 is greater than \$9,999,999 use \$9,999,999	-	
42. Available income (AI)	=	
43. Assessment of AI	x	.50
44. STUDENT'S CONTRIBUTION FROM AI If negative, enter zero.	=	

Student Contribution from Assets

31. Cash, savings, and checking accounts		
32. Net worth of investments <ul style="list-style-type: none"> • Includes: time deposits, money market funds, real estate (excluding primary residence), vacation homes, income producing property, trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, and qualified education benefits • If negative, enter zero 	+	
33. Adjusted net worth of business and/or farm (Table A3) <ul style="list-style-type: none"> • Net worth of business and/or farm multiplied by the applicable adjustment in Table A3 	+	
34. Net worth (sum of lines 31, 32, and 33)	=	
35. Asset Conversion Rate (20%)	X	0.20
36. Student Contribution from Assets (SCA) <ul style="list-style-type: none"> • Line 34 times line 35 • If negative, enter zero 	=	

STUDENT'S CONTRIBUTION FROM ASSETS		
45. Cash, savings, and checking (FAFSA/SAR #37)		
46. Net worth of investments* (FAFSA/SAR #38) If negative, enter zero	+	
47. Net worth of business and/or investment farm (FAFSA/SAR #39) If negative, enter zero.	+	
48. Net worth (sum of lines 45 through 47)	=	
49. Assessment rate	×	.20
50. STUDENT'S CONTRIBUTION FROM ASSETS	=	

Student Aid Index (SAI)

Parents' Contribution (line 19)		
Student's Contribution from Income (line 30)	+	
Student's Contribution from Assets (line 36)	+	
37. Student Aid Index (sum of lines 19, 30, and 36) <ul style="list-style-type: none"> • If negative and $< -1,500$, adjust to $-1,500$ (e.g., if $-2,000$ set to $-1,500$) • If negative and $\geq -1,500$, do not adjust (e.g., if $-1,000$ leave as $-1,000$) 	=	

EXPECTED FAMILY CONTRIBUTION	
PARENTS' CONTRIBUTION (from line 28)	
STUDENT'S CONTRIBUTION FROM AI (from line 44)	+
STUDENT'S CONTRIBUTION FROM ASSETS (from line 50)	+
51. EXPECTED FAMILY CONTRIBUTION (standard contribution for nine-month enrollment)** If negative, enter zero.	=

*Do not include the student's home.

**To calculate the EFC for other than nine-month enrollment, see the next page.



Independent Student
without Dependents Other
than a Spouse

Formula B

Independent Student without Dependents Other Than a Spouse

Student Aid Index		
Student Contribution from Income (line 11) <ul style="list-style-type: none">• May be a negative number		
Student Contribution from Assets (line 20)	+	
21. Student Aid Index (SAI; sum of lines 11 and 20) <ul style="list-style-type: none">• If negative, and $< -1,500$, adjust to $-1,500$ (e.g., If negative 2,000 set to $-1,500$)• If negative, and $\geq -1,500$, do not adjust (e.g., If $-1,000$ leave as $-1,000$)	=	



Independent Student
with Dependents Other
than a Spouse

Formula C



Independent Students with Dependents Other Than a Spouse

Student Aid Index		
Student Available Income (line 9) <ul style="list-style-type: none"> • May be a negative number 		
Student Contribution from Assets (line 18)	+	
19. Student Adjusted Available Income (AAI; sum of lines 9 and 18) <ul style="list-style-type: none"> • May be a negative number 	=	
20. Total Student Contribution from AAI (Table C6)	=	
Student Aid Index (SAI) <ul style="list-style-type: none"> • If line 20 is positive, SAI = line 20 • If line 20 is negative, and $< -1,500$, adjust to $-1,500$ (e.g., If negative 2,000 set to $-1,500$) • If line 20 is negative, and $\geq -1,500$, do not adjust (e.g., If $-1,000$ leave as $-1,000$) 	=	

SAI Guide Acronyms

Table 2: Acronyms

Acronym	Definition
AAI	Adjusted Available Income
AGI	Adjusted Gross Income
APA	Asset Protection Allowance
EEA	Employment Expense Allowance
EFC	Expected Family Contribution
EITC	Earned Income Tax Credit
FAA	Financial Aid Administrator
FAFSA	Free Application for Federal Student Aid

FTI	Federal Tax Information
FUTURE Act	Fostering Undergraduate Talent by Unlocking Resources for Education Act
FWS	Federal Work-study
HEA	Higher Education Act
HHS	Department of Health and Human Services
HI	Hospital Insurance
HoH	Head of Household
IPA	Income Protection Allowance
IRA	Individual Retirement Account
IRS	Internal Revenue Service
ISIR	Institutional Student Information Record
N/A	Not Applicable
OASDI	Old-age, survivors, and disability insurance
PAAI	Parent Adjusted Available Income
PAI	Parents' Available Income
PCA	Parent Contribution from Assets
SAI	Student Aid Index
SCA	Student Contribution from Assets
SLR	State of Legal Residence
StAI	Student Available Income
TFS	Tax Filing Status
U.S.	United States

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★ What's New

- (GENERAL-24-16) SAIG Message Class File Update**
MARCH 1, 2024
- SAIG Message Class File**
MARCH 1, 2024
- Comment Request: Revised Second Chance Pell Experiment and Prison Education Program (PEP) Data Collection**
FEBRUARY 29, 2024
- (COD-24-01) 2024–2025 COD Technical Reference (Initial) Now Available**
FEBRUARY 29, 2024
- 2024–2025 COD Technical Reference (Initial)**
FEBRUARY 29, 2024

🔗 Featured Information

- E-App and Third-Party Servicer Inquiry Form Updates
- 2023 Virtual FSA Training Conference Nov. 28–Dec. 1
- FAFSA Simplification Information**
- Prison Education Programs
- Disaster Assistance
- Technology Security Alert

⚡ Quick Reference

- FSA Handbook
- Dear Colleague Letters
- Knowledge Center FAQs
- Electronic Announcements



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R E S O U R C E S

Training Resources



FSA Training Center

- [FAFSA Simplification Training and Resources](#) 

Financial Aid Administrator Webinars



- Q&A Sessions – Live Internet Webinars – Better FAFSA Better Future Webinar Series, January–February 2024
- Summer Series – Live Internet Webinars – Better FAFSA® Better Future Webinar Series, June–July 2023

Conference Sessions

- 2022 Federal Student Aid Training Conference – General Session #5 – Federal Update: FAFSA Simplification 
- 2021 Federal Student Aid Training Conference – General Session #5 – Federal Update: FAFSA Simplification Policy Implications 

Other Resources

Resources and other tools for use by the community are provided below.

- [Financial Aid Toolkit](#) 
- [Revised Federal Student Aid Estimator](#) 
- [2024-25 Student Aid Index \(SAI\) and Pell Grant Eligibility Guide](#)
- [2024–25 FAFSA Specifications Guide](#)
- [2024–25 FAFSA Form Preview Presentation](#)
- [Final 2024–25 FAFSA Form, FAFSA Form for Incarcerated Students, and FAFSA Submission Summary](#)
- [Campus-Based XML Schema Version 1.0a](#)

2024-25 Student Aid Index (SAI) and Pell Grant Eligibility Guide (Updated March 1, 2024)

 Print

POSTED DATE: November 21, 2022

SUBJECT: 2024-25 Student Aid Index (SAI) and Pell Grant Eligibility Guide (Updated March 1, 2024)

Note

Update on March 1: On March 1, 2024, the *Extension of Continuing Appropriations and Other Matters Act, 2024* reset the Student Aid Index (SAI) formula established on the *FAFSA Simplification Act* for the 2024-25 award year to have a -\$1,500 minimum threshold on the allowance for negative income earned by dependent students (e.g., the Student's Contribution from Income). The threshold will be \$0 for award years 2025-26 and beyond. Accordingly, the -\$1,500 income floor for SAI Formula A will be reflected in the 2024-25 *Institutional Student Information Records* (ISIRs) that are delivered to schools and state aid agencies in the first half of March. In addition, we have removed the updated version of the 2024-25 *Student Aid Index (SAI) and Pell Grant Eligibility Guide* added under "Attachments" on Feb. 27 and have reinstated the previous version of the guide in its place.

Update on Feb. 27: As explained in a [Feb. 27, 2024 Electronic Announcement](#), we made a technical update to the Student Aid Index (SAI) formula to ensure full alignment with the *FAFSA Simplification Act*. The SAI formula for dependent students was previously calculated using a minimum threshold on the allowance for negative income earned by dependent students (e.g., the Student's Contribution from Income). As we finalized preparation to deliver completed applications to schools in the first half of March, we identified that the bipartisan *FAFSA Simplification Act* did not specify an income floor for dependent students. Implementing a floor would be inconsistent with the letter of the law. The technical updates to SAI Formula A will be reflected in the *Institutional Student Information Records* (ISIRs) that are delivered to schools and state aid agencies in the first half of March. The specific change regarding dependents' negative available income is at the top of page 9 in an updated version of the *Student Aid Index (SAI) and Pell Grant Eligibility Guide* under "Attachments" below.

Update on Jan. 30: As explained in a [Jan. 30, 2024 Electronic Announcement](#), we updated the supporting tables used in the Student Aid Index (SAI) calculation to account for inflationary adjustments as required under the law. These tables, which directly impact eligibility for need-

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RESOURCES

2024–25 FAFSA Specifications Guide Introduction in PDF Format, 8 Pages, 332KB

Volume 1 – Summary of Changes

2024–25 FAFSA Specifications Guide Volume 1–Summary of Changes, 31 Pages, 505KB

Volume 2 – FPS Schedule and Getting Help

2024–25 FAFSA Specifications Guide Volume 2 –FPS Schedule and Getting Help in PDF Format, 758KB

Volume 3 – Electronic Data Exchange and FAFSA Processing

2024–25 FAFSA Specifications Guide Volume 3–Electronic Data Exchange and FAFSA Processing in PDF Format, 30 Pages, 1MB

Volume 4 – Record Layouts and Processing Codes

2024–25 FAFSA Specifications Guide Volume 4 –Record Layouts and Processing Codes in PDF Format, 205 Pages, 2.6MB

2024–25 Final ISIR Record Layout in Excel Format, 100KB

Volume 5 – Edits and Rejects

2024–25 FAFSA Specifications Guide Volume 5–Edits and Rejects in PDF Format, 51 Pages, 1.1MB

Volume 6 – ISIR Guide

2024–25 FAFSA Specifications Guide Volume 6 –ISIR Guide in PDF Format, 46 Pages, 1MB

Volume 7 – Comment Codes

2024–25 FAFSA Specifications Guide Volume 7 –Comment Codes in PDF Format, 135 Pages, 1.1MB

Volume 8 – Agency Matches

2024–25 FAFSA Specifications Guide Volume 8 –Agency Matches in PDF Format, 19 Pages, 1.1MB

Volume 9 – Testing and Web Demo System

2024–25 FAFSA Specifications Guide Volume 9 –Testing and Web Demo System in PDF Format, 8 Pages, 411KB

Dear Colleague Letters

- (ANN-24-01) Live Internet Webinars –Better FAFSA Better Future Webinar Series, January–February 2024 (New Webinar Added for April 18, 2024)
- (ANN-23-01) Live Internet Webinars –Better FAFSA® Better Future Webinar Series, June–July 2023 (New Webinar Added for Nov. 2, 2023)
- (GEN-23-12) 2024–2025 Award Year: FAFSA Information to be Verified and Acceptable Documentation (Sept. 19, 2023)
- (GEN-23-11) FAFSA Simplification Act Changes for Implementation in 2024-25 (Aug. 4, 2023)
- (GEN-23-06) Unaccompanied Homeless Youth Determinations –Update (April 14, 2023)
- (GEN-22-15) FAFSA® Simplification Act Changes for Implementation in 2023-24 (Nov. 4, 2022)
- (GEN-21-04) Early Implementation of the FAFSA Simplification Act’s Removal of Selective Service and Drug Conviction Requirements for Title IV Eligibility (June 11, 2021)

Electronic Announcements

- 2024–2025 COD Technical Reference (Initial) Now Available (EA ID: COD-24-01) (Feb. 29, 2024)
- SAIG Software Upgrade for FTI Data Transmission -Availability of EDconnect 8.6.1, Updated Documentation, and Password Guidance (EA ID: GENERAL-24-14) (Feb. 27, 2024)
- Additional 2024–25 FAFSA Partner Preparation Support (GENERAL-24-13) (Updated March 1, 2024)
- 2024-25 Award Year Flexibilities and Department Letters to Presidents (EA ID: General 24-11) (Feb. 13, 2024)



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FAFSA Simplification Web Center

This web center was created to keep NASFAA members and the financial aid community updated on pertinent news related to FAFSA Simplification updates. Check back often as this page is updated regularly.

- News Articles & Statements**
- ***NEW*** February 29, 2024 - [Short-Term Funding Bill Would Rescind Formula Change](#)
 - ***NEW*** February 28, 2024 - [ED Announces Update to SAI Formula, Release of 100 Additional Test ISIRs](#)
 - February 27, 2024 - [ED Will Release Additional Batch of 100 Test Week](#)
 - February 27, 2024 - [NASFAA Submits Comments on ED Process Without SSN](#)
 - February 22, 2024 - [ACE to Survey College Leaders on Software Processing the 2024-25 FAFSA](#)
 - February 21, 2024 - [ED Announces Resolution for FAFSA Contrib SSNs Coming in 'First Half' of March](#)

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Webinars On-Demand

- Recording: [Deep Dive Into the Student Aid Index \(SAI\)](#)
- Recording: [Completing the Paper 2024-25 FAFSA with Students Who Are Incarcerated Workshop](#)
- Recording: [FAFSA Update: 2024-25](#)
- Recording: [Verification 2024-25 \(Extended Edition\)](#)
- Recording: [Policy Update & Final FAFSA Countdown](#)
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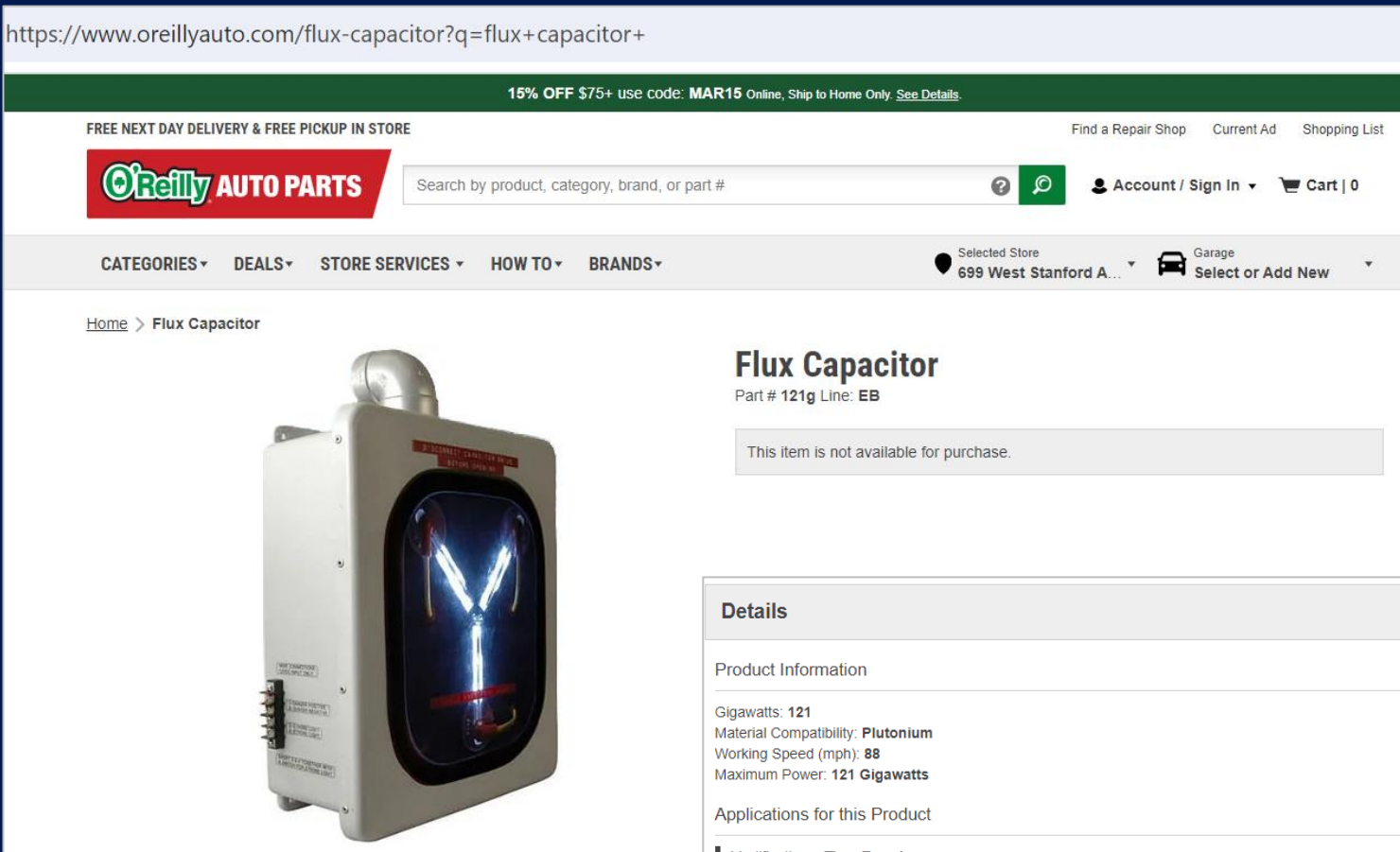
AskRegs Questions & Answers

- [Can We Share FAFSA Filers With the Admissions Office So They Can Recruit Those Students?](#)
- [Does a Spouse Need To Access the FAFSA If They Are Not a Contributor?](#)
- [How Do We Verify Foreign Nontax Filers Starting With the 2024-25 Award Year?](#)
- [What Are the Reasons a Contributor Might Be Asked To Manually Enter Financial Information On the FAFSA?](#)



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Details

Product Information

Gigawatts: **121**
 Material Compatibility: **Plutonium**
 Working Speed (mph): **88**
 Maximum Power: **121 Gigawatts**

Applications for this Product

Modifications: **Time Travel**
 Quantity: 1

Detailed Description

- Time Travel at your own RISK!
- Plutonium is required to properly operate the flux capacitor
 - Plutonium is used by the onboard nuclear reactor which then powers the flux capacitor to provide the needed 1.21 gigawatts of electrical power.
 - Plutonium not available and O'Reilly Auto Parts. Please contact your local plutonium supplier.
- Flux capacitor requires the stainless steel body of a 1981-1983 DeLorean DMC-12 to properly function.
 - Once the time machine travels at 88 mph (142 km/h), light coming from the flux capacitor pulses until it becomes a steady stream of light at which point time travel begins!

Non-Functional Item Displayed for Entertainment Purposes Only



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