

FAFSA Simplification: Updates to the Pell Grant and Needs Analysis

FAFSA Simplification: Pell Grant

- Three ways to qualify for a Pell Grant
 - Maximum Pell
 - SAI Calculation
 - Minimum Pell

FAFSA Simplification: Pell Grant

- Maximum Pell Grant
 - Non Tax Filers
 - Independent Student or Dependent Student's parent(s)
 - Assigned an SAI of -1500
 - Poverty Guidelines
 - Independent Student
 - Is a single parent – AGI is less than or equal to 225% of the poverty guideline
 - Is *not* a single parent – AGI is less than or equal to 175% of the poverty guideline
 - Dependent Student
 - Parent is a single parent – AGI is less than or equal to 225% of the poverty guideline
 - Parent is *not* a single parent – AGI is less than or equal to 175% of the poverty guideline

Dependent Student Look-Up Tables: 48 Contiguous States and District of Columbia

Student's Parent is a Single Parent			
Family Size	2022 Poverty Guideline	Max Pell Parent AGI Limit (225% of Poverty Guideline)	Min Pell Parent AGI Limit (325% of Poverty Guideline)
2	\$18,310	\$41,198	\$59,508
3	\$23,030	\$51,818	\$74,848
4	\$27,750	\$62,438	\$90,188
5	\$32,470	\$73,058	\$105,528
6	\$37,190	\$83,678	\$120,868
7	\$41,910	\$94,298	\$136,208
8	\$46,630	\$104,918	\$151,548
9+	Add \$4,720 to the poverty guideline for each additional person. Then multiply the AGI by 225% (Max Pell) or 325% (Min Pell) to determine the Parent AGI Limit.		

Student's Parent is not a Single Parent			
Family Size	2022 Poverty Guideline	Max Pell Parent AGI Limit (175% of Poverty Guideline)	Min Pell Parent AGI Limit (275% of Poverty Guideline)
2	\$18,310	\$32,043	\$50,353
3	\$23,030	\$40,303	\$63,333
4	\$27,750	\$48,563	\$76,313
5	\$32,470	\$56,823	\$89,293
6	\$37,190	\$65,083	\$102,273
7	\$41,910	\$73,343	\$115,253
8	\$46,630	\$81,603	\$128,233
9+	Add \$4,720 to the poverty guideline for each additional person. Then multiply the AGI by 175% (Max Pell) or 275% (Min Pell) to determine the Parent AGI Limit.		

FAFSA Simplification: Pell Grant

- Maximum Pell Grant
 - The child of a parent or guardian who died in the line of duty
 - Serving on active duty as a member of the Armed Forces on or after September 11, 2001
 - Actively serving as and performing the duties of a public safety officer
 - and*
 - Less than 33 years old as of the January 1 prior to the award year for which the applicant is applying.

FAFSA Simplification: Pell Grant

- SAI-calculated Pell Grant
 - Determined by subtracting the student's SAI from the published Maximum Pell Grant
 - Round to the nearest \$5
 - The Scheduled Pell Award cannot be less than Min Pell
 - The Scheduled Pell Award cannot be more than COA

FAFSA Simplification: Pell Grant

Example	Max Pell	SAI	Max Pell – SAI	Scheduled Pell Award
Student A	\$7,500	435	7,065	\$7,065
Student B	\$7,500	2987	4,513	\$4,515
Student C	\$7,500	3014	4,486	\$4,485
Student D	\$7,500	6983	517	\$0

**Maximum Pell of \$7,500 and Minimum Pell of \$750 are for illustrative purpose only, not actual 24-25 amounts.*

FAFSA Simplification: Pell Grant

- Minimum Pell Grant
 - If after calculating SAI, students Pell Award is \$0, check for Min Pell Eligibility
 - Poverty Guidelines
 - Independent Student
 - Is a single parent – AGI is less than or equal to 400% of the poverty guideline
 - Two parent household – AGI is less than or equal to 350% of the poverty guideline
 - Is *not* a parent – AGI is less than or equal to 275% of the poverty guideline
 - Dependent Student
 - Parent is a single parent – AGI is less than or equal to 325% of the poverty guideline
 - Parent is *not* a single parent – AGI is less than or equal to 275% of the poverty guideline

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FAFSA Simplification: Pell Grant

- Calculating the Annual Award
 - Enrollment Intensity – the Pell Grant must be prorated according to the student's enrollment.
 - Year-Round Pell – students may receive up to 150% of their Scheduled Pell Grant.
 - Half-time enrollment requirement for Pell beyond 100% has been removed.

Credit Hours	Old Enrollment Category	New Enrollment Intensity
12 (or more)	Full-Time	100%
11	Three-Quarter Time	92%
10		83%
9		75%
8	Half-Time	67%
7		58%
6		50%
5	Less-Than-Half-Time	42%
4		33%
3		25%
2		17%
1		8%

FAFSA Simplification: Pell Grant

Formula 1: Full-time Enrollment (Enrollment Intensity is 100%)

Annual Pell Award is divided by the number of terms in the fall through spring traditional academic calendar.

- SAI: 600
- Scheduled Pell Award: $\$7,500 - 600 = \$6,900$
- Annual Pell Award per semester: $\$6,900 / 2 = \$3,450$
- or Annual Pell Award per quarter: $\$6,900 / 3 = \$2,300$

FAFSA Simplification: Pell Grant

Formula 1: Part-time Enrollment

Annual Pell Award must be prorated based on the student's enrollment.

- SAI: 600
- Scheduled Pell Award: $\$7,500 - 600 = \$6,900$

Semester Disbursement Schedule

	Fall	Spring
Credit Hours	9	8
Calculation	$(\$6,900 * 75\%) / 2$	$(\$6,900 * 67\%) / 2$
Annual Pell Award	\$2,588	\$2,311

FAFSA Simplification: SAI Calculation

- Formula A – Dependent Students
- Formula B – Independent Students without dependents other than a spouse
- Formula C – Independent Students with dependents other than a spouse

FAFSA Simplification: SAI Calculation

- Formula A
 - Parent's Contribution + Student's Contribution from Income + Student's Contribution from Assets = Student Aid Index
- Formula B & C
 - Student's Contribution from Income + Student's Contribution from Assets = Student Aid Index

CHANGES TO INCOME DATA

Expected Family Contribution (EFC)	Student Aid Index (SAI)
<ul style="list-style-type: none"> • AGI (tax filers) or income earned from work (non-tax filers) • Deductible payments to SEP/SIMPLE/KEOGH/Other • Tax-exempt interest • Untaxed portions of IRA distributions and pensions (excluding rollovers) • Payments to tax-deferred pension and retirement savings plans • Child support received • Housing, food, and other allowances paid to members of the military, clergy, and others • Veterans noneducation benefits • Other untaxed income • Money received by or paid on student's behalf 	<ul style="list-style-type: none"> • AGI • Deductible payments to SEP/SIMPLE/KEOGH/Other • Tax-exempt interest • Untaxed portions of IRA distributions and pensions (excluding rollovers) • Foreign income exclusion

CHANGES TO ALLOWANCES AGAINST INCOME

Expected Family Contribution (EFC)	Student Aid Index (SAI)
<ul style="list-style-type: none"> • Taxable college grant and scholarship aid reported as income • Education credits • Taxable earnings from need-based employment • U.S. income tax paid (or foreign equivalent) • Income protection allowance • Employment expense allowance • Social Security tax allowance • Child support paid • Combat pay or special combat pay • Cooperative education employment earnings • State and other tax allowance 	<ul style="list-style-type: none"> • Taxable college grant and scholarship aid reported as income • Education credits • Federal Work-Study • U.S. income tax paid (or foreign equivalent) • Income protection allowance • Employment expense allowance • Payroll tax allowance

CHANGES TO ASSET INFORMATION

Expected Family Contribution (EFC)	Student Aid Index (SAI)
<p>Contribution from Assets</p> <ul style="list-style-type: none"> • Cash, savings, and checking • Net worth of investments, including real estate (excluding primary residence) • Adjusted net worth of business and/or farm (excluding businesses with fewer than 100 full-time employees or family farms) 	<p>Contribution from Assets</p> <ul style="list-style-type: none"> • Annual child support received • Cash, savings, checking, time deposits, and money market funds • Net worth of investments, including real estate (excluding primary residence) • Adjusted net worth of business and/or farm
<p>Allowance against Assets</p> <ul style="list-style-type: none"> • Education savings and asset protection allowance 	<p>Allowance against Assets</p> <ul style="list-style-type: none"> • Asset protection allowance

FAFSA Simplification: SAI Calculation

- Applicants Exempt from Asset Reporting
 - The applicant qualifies for a Maximum Pell Grant
 - The applicant's parents' 2022 combined AGI is less than \$60,000 and they do not file a Scheduled A, B, D, E, F, or H, **AND**
 - They do not file a Schedule C, **OR**
 - They file a Schedule C with net business income of not more than a \$10,000 loss or gain.
 - The applicant or applicant's parent received a benefit under a means-tested Federal benefit program during the 2022 or 2023 calendar year

FAFSA Simplification: SAI Calculation

2024–25 FAMILY SIZE

Dependent Students	Independent Students
<ul style="list-style-type: none">• Student• Student's parents, even if student not living with them• Student's siblings if<ul style="list-style-type: none">• live with student's parents or live elsewhere to attend college, and• receive and continue to receive more than half their support from student's parents during award year• Other persons if<ul style="list-style-type: none">• live with student's parents• receive and continue to receive more than half their support from student's parents during award year	<ul style="list-style-type: none">• Student• Student's spouse, if applicable• Student's dependent children if<ul style="list-style-type: none">• live with student• receive and continue to receive more than half their support from student during award year• Other persons<ul style="list-style-type: none">• live with student• receive and continue to receive more than half their support from student during award year

FAFSA Simplification: SAI Calculation

EFC vs. SAI COMPARISON

Intermediate values / EFC / SAI	2023–24 EFC Formula A	2024–25 SAI Formula A
Parents' Available Income	168,927	148,703
Parents' Contribution from Assets	22,415	31,775
Parent Contribution	82,291	77,822
Student's Contribution from (Available) Income	0	-1,500
Student's Contribution from Assets	2,597	2,597
Expected Family Contribution (EFC)	84,888	—
Student Aid Index (SAI)	—	78,919

FAFSA Simplification: SAI Calculation

- Provisional Independent Status
 - Students who indicate they have *unusual circumstances* that prevent them from providing parent data on the FAFSA will receive a provisional SAI
 - Aid administrators will make final determination on whether student qualifies for a dependency override
- Negative SAI
 - School will use “0” when calculating need: $COA - SAI - OFA = \text{Need}$
- No alternate SAI for periods other than 9 months
 - COA must be based on actual period of enrollment

FAFSA Simplification: Resources

- FSA Webinars
 - [Pell Minimums, Maximums, and In-Between](#)
 - [Student Aid Index – Part 1](#)
- [2024-2025 Draft Student Aid Index \(SAI\) and Pell Grant Eligibility Guide](#)
- [Dear Colleague Letter Gen-23-11 – FAFSA Simplification Act Changes for Implementation in 2024-25](#)
- [FAFSA Simplification Questions and Answers](#)
- NASFAA – [Pell Grant Eligibility Flow Chart](#)