

<sup>1</sup> See margin note #1 on the previous page.

<sup>2</sup> The means-tested federal benefit programs are:

- Medicaid (including the Children's Health Insurance Program) or Supplemental Security Income (SSI)
- Supplemental Nutrition Assistance Program (SNAP) benefits, also known as food stamps
- Free and reduced price school lunches
- Temporary Assistance for Needy Families (TANF)
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

A person need not have received the benefit for an entire year; receiving it at any time in the base or prior year qualifies. Also, an FAA may use professional judgment (PJ) to count a benefit if a person did not receive it during those 24 months but is receiving it now.

- either: (1) the student and spouse were not required to file an IRS Form 1040,<sup>1</sup> (2) one of them is a dislocated worker as defined in the Workforce Innovation and Opportunity Act, or (3) anyone counted in the household size received a means-tested federal benefit during 2015 or 2016.<sup>2</sup>

FAFSA on the Web has a threshold question that will cause the asset questions to be skipped when the student seems eligible for the simplified formula or an automatic zero EFC. But in some instances, such as when using a paper FAFSA, a student who qualifies for the simplified formula will provide asset information. In those cases the CPS will calculate two EFCs: one using the assets and one excluding them. The EFC from the simplified formula (which excludes assets) is called the primary EFC and is printed on the front of the student's SAR, while the EFC from the full calculation is called the secondary EFC and is printed in the FAA Information section. To determine the student's federal aid, the school must use the primary EFC, which will always be less than or equal to the secondary EFC. If it turns out that the student was not eligible for the simplified formula and did not provide asset information, the school must correct and submit the record and use the EFC reported on the resulting transaction.

## AUTOMATIC ZERO EFC

The law also provides for an automatic zero EFC for some students. The rules for determining who they are are the same as those for the simplified formula with these differences:

- The income threshold is \$25,000 or less instead of less than \$50,000.
- Independent students without dependents other than a spouse (those who use Formula B) do not qualify for an automatic zero EFC.

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## Automatic zero EFC

HEA Sec. 479(c)

## DEPARTMENT OF DEFENSE MATCH AND IRAQ AND AFGHANISTAN SERVICE GRANT

Schools will consider the EFC to be zero for Pell-eligible students with a parent or guardian who was a member of the U.S. armed forces and who died as a result of service in Iraq or Afghanistan after September 11, 2001. These students must have been less than 24 years old or enrolled in college when the parent or guardian died.

The CPS will match applications against a file provided by the Department of Defense (DOD). If a match is found, a personalized letter will be sent to the student explaining the potential increase in funding, the DOD match flag will be set to "Y" on the ISIR, and a date will appear in the parent's date of death field (which, out of sensitivity, will not be noted on the SAR). The CPS will calculate an EFC normally; the school should use a zero EFC when packaging qualifying students.

Students in this situation who are not Pell eligible because their EFC is too high will be able to receive an Iraq and Afghanistan service grant (see *Volume 1, Chapter 6*). The amount of the grant will be the same as that of