

FAFSA® Pell Eligibility  
and SAI Guide

Version 3

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



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# Change History

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Date	Page(s)	Changes/Notes
11/2022	All	Version 1 is released
05/2023	All	Version 2 is released
01/2024	All	Version 3 is released

# Introduction and Overview

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The Federal Pell Eligibility and SAI Guide is designed to assist financial aid administrators (FAAs) and software vendors by introducing updated calculations for federal student aid eligibility, including the new Pell Grant calculations, using the Student Aid Index (SAI) beginning in the 2024-25 award year. This guide represents the implementation of the SAI at the time of publication and serves as a companion document to the FAFSA® Specifications Guide, Volume 6 – ISIR Guide.

## **FAFSA Simplification and the Consolidated Appropriations Act of 2021**

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, Pell Grant calculations, 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 Federal 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) of 2019, which FSA will implement alongside FAFSA simplification.

# Determining Federal Pell Grant Eligibility

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Beginning with the 2024-25 award year, the Federal Pell Grant scheduled award determination consists of three steps.

## Step 1: Determine Maximum Federal Pell Grant Eligibility

Use the Maximum Pell Grant criteria to identify applicants eligible for a maximum Pell Grant award.

- Applicants who did not file taxes are assigned an SAI of -1500; no further calculation is needed.
- For all other applicants eligible for a maximum Pell Grant award, proceed to *Step 2: Calculate Student Aid Index*. Applicants will be assigned the calculated SAI or 0, whichever is less.

## Step 2: Calculate Student Aid Index

The Student Aid Index (SAI) is a number that determines each student's eligibility for certain types of federal student aid, including Pell Grants. This number is calculated with the SAI formulas, which use the information that students provide on the FAFSA® form. All applicants will have a calculated SAI, but not all applicants will be determined to be eligible for a Pell Grant.

- If the applicant's SAI is less than or equal to zero, the student is eligible for a Maximum Pell Grant and should retain the calculated SAI.
- If the applicant's SAI is greater than zero, calculate the student's Schedule Pell Grant award by subtracting the SAI from the maximum scheduled Pell Grant award amount for the year.
- If the applicant's calculated SAI is greater than the corresponding award year's maximum Pell Grant award minus minimum Pell Grant award, the applicant is not eligible for a Pell Grant under *Step 2* and should proceed to *Step 3: Determine Minimum Pell Grant Eligibility*.

## Step 3: Determine Minimum Pell Grant Eligibility

Use the Minimum Pell Grant criteria to identify additional applicants eligible for a Pell Grant.

- For applicants meeting the Minimum Pell Grant eligibility requirements, package the minimum Pell Grant and retain the SAI calculated in *Step 2*. The remainder of the aid package should be based on the calculated SAI.
- For applicants not qualifying for Minimum Pell Grant eligibility, package based on the calculated SAI from *Step 2*.



# Step 1: Determine Maximum Pell Grant Eligibility

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Use the Maximum Pell Grant criteria to determine eligibility based on tax filing status (e.g., non tax filer), adjusted gross income (if tax filer), state of legal residence, and applicable poverty guidelines. Under HEA Sec. 401(b)(1)(A) a student is eligible for a Maximum Pell Grant if any of the following is true:

## Dependent Student

- **Maximum Pell Indicator = 1:** The student's parent(s) did not file a federal income tax return; or
- **Maximum Pell Indicator = 2:** The student's parent is a single parent and has an AGI greater than zero and less than or equal to 225% of the poverty guideline for the applicant's family size and state of legal residence; or
- **Maximum Pell Indicator = 3:** The student's parent is not a single parent and has an AGI greater than zero and less than or equal to 175% of the poverty guideline for the applicant's family size and state of legal residence.

## Independent Student

- **Maximum Pell Indicator = 1:** The student (and spouse, if applicable) did not file a federal income tax return; or
- **Maximum Pell Indicator = 2:** The student is a single parent and has an AGI greater than zero and less than or equal to 225% of the poverty guideline for the applicant's family size and state of legal residence; or
- **Maximum Pell Indicator = 3:** The student is not a single parent and has an AGI greater than zero and less than or equal to 175% of the poverty guideline for the applicant's family size and state of legal residence.

**Note:** The Maximum Pell Indicator (1, 2, or 3) will be returned on the ISIR, if applicable.

## State of Legal Residence

The state of legal residence (SLR) will either be that of a parent (for dependent student) or student (for independent student). There are three potential values used in the Maximum and Minimum Pell Grant eligibility determination processes. See below:

- Hawaii
- Alaska
- Other\* (includes everything except for Hawaii and Alaska)

\*If the SLR is unknown or blank, presume Other for purposes of the SAI calculation.

## Poverty Guidelines

Poverty guidelines are used in the Maximum and Minimum Pell Grant eligibility determination processes. Use the *U.S. Federal Poverty Guidelines Used to Determine Financial Eligibility for Certain Programs*, produced by the Department of Health and Human Services (HHS). To access the annually produced HHS Poverty Guidelines, visit:

<https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>.

Use the poverty guidelines for the prior-prior tax year (e.g., for the 2024-25 award year, use the 2022 poverty guidelines) by state of legal residence.

## **SAI for Maximum Pell Grant Recipients**

- A dependent student whose parents did not file a federal income tax return OR an independent student (and spouse, if applicable) who did not file a federal income tax return for the prior-prior tax year is assigned a SAI equal to -1,500.
- Other students eligible for a maximum Pell Grant have the lesser of either an assigned SAI equal to 0 or a calculated SAI from *Step 2*.

# Step 2: Calculate Student Aid Index

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The SAI is calculated using one of three formulas, each is described in more detail below:

- 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.

## Notes for Calculating the SAI

- All calculations, unless noted otherwise in the worksheets, should be carried to three decimal places, and then rounded to the nearest whole numbers. Round upward for results of .500 to .999, round downward for results of .001 to .499. Rounding should be performed so that the intermediate value that is the result of each step does not have any decimal digits.
- Unlike award years prior to 2024-25, there is no simplified needs test in the SAI formula, but certain applicants will still be exempt from asset reporting based on income and federal benefits received (see *Appendix E: Applicants Exempt from Asset Reporting* for more details).
- A student's SAI can be negative. If the calculated SAI is less than -1,500, replace the value with -1,500.

## Notes for Using the SAI Formula Worksheets

- Boxes with black fill indicate that no value should be entered in those cells.
- Boxes with no fill or no text indicate cells where the user should enter a value.

## 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"> <li>Total Parent Income Additions – Total Parent Income Offsets</li> <li>May be a negative number</li> </ul>	=	
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)		
<ul style="list-style-type: none"> <li>Use the calculated Family Size to determine the IPA</li> </ul>	+	
7. Employment Expense Allowance (EEA)		
<ul style="list-style-type: none"> <li>The lesser of: <ul style="list-style-type: none"> <li>35% of parents' combined income, OR</li> <li>\$4,730</li> </ul> </li> </ul>	+	

8. Total Parent Allowances Against Income (sum lines 4, 5a, 5b, 6, and 7)	=	
<b>Parents' Available Income (PAI)</b>		
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"> <li>May be a negative number</li> </ul>	=	

<b>Parent Contribution from Assets</b>		
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"> <li>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</li> <li>If negative, enter zero</li> </ul>	+	
13. Adjusted net worth of business and/or farm (Table A3) <ul style="list-style-type: none"> <li>Net worth of business and/or farm multiplied by the applicable adjustment in Table A3</li> </ul>	+	
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"> <li>(Line 14 minus line 15) times line 16</li> <li>If negative, enter zero</li> </ul>	=	

<b>Total Parent Contribution</b>		
<b>Parent Adjusted Available Income (PAAI)</b>		
Parents' Available Income (line 9)		
Parents' Contribution from Assets (line 17)	+	
18. Parent Adjusted Available Income (line 9 plus line 17) <ul style="list-style-type: none"> <li>May be a negative number</li> </ul>	=	
<b>Parents' Contribution</b>		
19. Parents' Contribution (Table A5) <ul style="list-style-type: none"> <li>Adjust PAAI (line 18) using Table A5</li> </ul>	=	

Student Contribution from Income		
<b>Student Income Additions</b>		
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)	=	
<b>Student Income Offsets</b>		
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"> <li>Total Student Income Additions – Total Student Income Offsets</li> <li>May be a negative number</li> </ul>	=	
<b>Allowances Against Student Income</b>		
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)	=	
<b>Student's Contribution from Income</b>		
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"> <li>If negative and &lt; -1,500, adjust to -1,500 (e.g., if -2,000 set to -1,500)</li> <li>If negative and &gt;= -1,500, do not adjust (e.g., if -1,000 leave as -1,000)</li> </ul>	=	

<b>Student Contribution from Assets</b>		
31. Cash, savings, and checking accounts		
32. Net worth of investments <ul style="list-style-type: none"> <li>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</li> <li>If negative, enter zero</li> </ul>	+	
33. Adjusted net worth of business and/or farm (Table A3) <ul style="list-style-type: none"> <li>Net worth of business and/or farm multiplied by the applicable adjustment in Table A3</li> </ul>	+	
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"> <li>Line 34 times line 35</li> <li>If negative, enter zero</li> </ul>	=	

<b>Student Aid Index (SAI)</b>		
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"> <li>If negative and &lt; -1,500, adjust to -1,500 (e.g., if -2,000 set to -1,500)</li> <li>If negative and &gt;= -1,500, do not adjust (e.g., if -1,000 leave as -1,000)</li> </ul>	=	

## Supplementary Tables for Formula A – Dependent Students

**Note for Table A1:** When calculating for more than one taxpayer (e.g., the parent and parent spouse did not file MFJ) the following rounding rules apply: calculation should be carried to three decimal places only. Once the parent and parent spouse calculated results are added together, round to the nearest whole numbers using standard rounding rules defined.

**Table A1: Payroll Tax Allowance**

<b>Tax Rate Program</b>	<b>Tax Rate</b>
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"> <li>1.45% of parent income earned from work up to \$200,000, (+) plus</li> <li>2.35% of parent income earned from work over \$200,000</li> </ul> <p>If Parent filed as Married-Filed Joint Return (MFJ):</p> <ul style="list-style-type: none"> <li>1.45% of parents' combined income earned from work up to \$250,000, (+) plus</li> <li>2.35% of parents' combined income earned from work over \$250,000</li> </ul> <p>If Parent filed as Married-Filed Separate Return (MFS):</p> <ul style="list-style-type: none"> <li>1.45% of parent income earned from work up to \$125,000, (+) plus</li> <li>1.45% of parent spouse's income earned from work up to \$125,000, (+) plus</li> <li>2.35% of parent income earned from work over \$125,000 (+) plus</li> <li>2.35% of parent spouse's income earned from work over \$125,000</li> </ul> <p>If Dependent Student:</p> <ul style="list-style-type: none"> <li>1.45% of dependent student income earned from work up to \$200,000, (+) plus</li> <li>2.35% of dependent student income earned from work over \$200,000.</li> </ul>
Step 2: Old-age, survivors, and disability insurance (OASDI) Tax Rate	<p>If Parent:</p> <ul style="list-style-type: none"> <li>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*.</li> <li>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*.</li> </ul> <p>If Dependent Student:</p> <ul style="list-style-type: none"> <li>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*.</li> </ul>

\*Social Security's Old-Age, Survivors, and Disability Insurance (OASDI) program limits the amount of earnings subject to taxation for a given year. The same annual limit also applies when those earnings are used in a benefit computation. This limit changes each year with changes in the national average wage index. For earnings in 2022, this base is \$147,000.

The OASDI tax rate for wages paid in 2022 is set by statute at 6.2 percent for employees and employers, each. Thus, an individual with wages equal to or larger than \$147,000 would contribute \$9,114 to the OASDI program in 2022.

For more information visit: <https://www.ssa.gov/oact/cola/cbb.html>



**Table A2: Income Protection Allowance**

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

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

**Table A3: Business/Farm Net Worth Adjustment**

<b>If the net worth of a business or farm is ____</b>	<b>Then the adjusted net worth is ____</b>
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)**

<b>Age of older parent as of 12/31/2023*</b>	<b>Allowance if there are two parents**</b>	<b>Allowance if there is only one parent</b>	<b>Age of older parent as of 12/31/2023*</b>	<b>Allowance if there are two parents**</b>	<b>Allowance if there is only one parent</b>
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			

\* 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.

**Table A5: Parents' Contribution from Adjusted Available Income**

<b>If the parents' AAI is ____</b>	<b>Then the parents' contribution from AAI is ____</b>
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

## Formula B – Independent Students Without Depend- ent(s) Other than a Spouse

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

<b>Student Contribution from Income</b>		
<b>Student (and Spouse) Income Additions</b>		
a. Student (and Spouse) AGI		
b. Student (and Spouse) Deductible Payments to IRA/KEOGH/Other	+	
c. Student (and Spouse) Tax-Exempt Interest Income	+	
d. Student (and Spouse) Untaxed Portions of IRA Distributions (Excluding rollovers; if less than zero, enter zero)	+	
e. Student (and Spouse) Untaxed Portions of Pensions (Excluding rollovers; if less than zero, enter zero)	+	
f. Student (and Spouse) Foreign Income Exclusion (reported on U.S. Tax Return; if less than zero, enter the absolute value)	+	
1. Total Student (and Spouse) Income Additions (sum of lines a, b, c, d, e, and f)	=	
<b>Student (and Spouse) Income Offsets</b>		
g. Student (and Spouse) College Grant and Scholarship Aid		
h. Student (and Spouse) Education Credits	+	
i. Student (and Spouse) Federal Work-study (FWS)	+	
2. Total Student (and Spouse) Income Offsets (sum of lines g, h, and i)	=	
3. Total Student (and Spouse) Income (line 1 minus line 2)		
• Total Student (and Spouse) Income Additions – Total Student (and Spouse) Income Offsets		
• May be a negative number	=	
<b>Allowances Against Student (and Spouse) Income</b>		
4. Student (and Spouse) U.S. Income Tax Paid (or Foreign Equivalent)		
5. Payroll Tax Allowance (Table B1)		
a. Medicare's Hospital Insurance (HI) Program Tax Rate (Table B1: Step 1)	+	
b. Old-age, survivors, & disability insurance (OASDI) Tax Rate (Table B1: Step 2)	+	
6. Income Protection Allowance (IPA)		
• If the student indicator is unmarried: \$17,310		
• If the student indicator is married: \$27,750	+	

7. Employment Expense Allowance (EEA) <ul style="list-style-type: none"> <li>If the student indicator is unmarried: \$0</li> <li>If the student indicator is married, the lesser of: <ul style="list-style-type: none"> <li>35% of the student and student's spouse combined earned income, OR</li> <li>\$4,730</li> </ul> </li> </ul>	+	
8. Total Student (and Spouse) Allowances Against Income (sum lines 4, 5a, 5b, 6, and 7)	=	
<b>Student's Contribution from Income</b>		
Total Student (and Spouse) Income (line 3)		
Total Student (and Spouse) Allowances Against Income (line 8)	-	
9. Student Available Income (StAI; line 3 minus line 8) <ul style="list-style-type: none"> <li>May be a negative number</li> </ul>	=	
10. Assessment of Student Available Income (50%)	x	0.50
11. Student's Contribution from Income (line 9 times line 10)	=	

<b>Student Contribution from Assets</b>		
12. Annual child support received for the last complete calendar year		
13. Cash, savings, and checking accounts	+	
14. Net worth of investments <ul style="list-style-type: none"> <li>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</li> <li>If negative, enter zero</li> </ul>	+	
15. Adjusted net worth of business and/or farm (Table B2) <ul style="list-style-type: none"> <li>Net worth of business and/or farm multiplied by the applicable adjustment in Table B2</li> </ul>	+	
16. Net worth (sum of lines 12, 13, 14, and 15)	=	
17. Asset Protection Allowance (Table B3)	-	
18. Discretionary Net Worth <ul style="list-style-type: none"> <li>Line 16 minus line 17</li> </ul>	=	
19. Asset Conversion Rate (20%)	x	0.20
20. Student Contribution from Assets (SCA) <ul style="list-style-type: none"> <li>Line 18 times line 19</li> <li>If negative, enter zero</li> </ul>	=	

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

## Supplementary Tables for Formula B – Independent Students Without Dependent(s) Other than a Spouse

**Note for Table B1:** When calculating for more than one taxpayer (e.g., the student and student spouse did not file MFJ) the following rounding rules apply: calculation should be carried to three decimal places only. Once the student and student spouse calculated results are added together, round to the nearest whole numbers using standard rounding rules defined.

**Table B1: Payroll Tax Allowance**

<b>Tax Rate Program</b>	<b>Tax Rate</b>
Step 1: Medicare's Hospital Insurance (HI) Program Tax Rate	<p>If Student filed as Not Married [e.g., single, head of household, or qualifying surviving spouse]:</p> <ul style="list-style-type: none"> <li>• 1.45% of student earned income up to \$200,000, (+) plus</li> <li>• 2.35% of student earned income over \$200,000</li> </ul> <p>If Student filed as Married-Filed Joint Return (MFJ):</p> <ul style="list-style-type: none"> <li>• 1.45% of student and student spouse's combined earned income up to \$250,000, (+) plus</li> <li>• 2.35% of student and student spouse's combined earned income over \$250,000</li> </ul> <p>If Student filed as Married-Filed Separate Return (MFS):</p> <ul style="list-style-type: none"> <li>• 1.45% of student earned income up to \$125,000, (+) plus</li> <li>• 1.45% of student spouse's earned income up to \$125,000, (+) plus</li> <li>• 2.35% of student earned income over \$125,000 (+) plus</li> <li>• 2.35% of student spouse's earned income over \$125,000</li> </ul>
Step 2: Old-age, survivors, and disability insurance (OASDI) Tax Rate	<p>For independent students without a spouse or those who only report a single tax return, 6.2% of total earned income up to Contributions and Benefit Base of \$147,000 for Tax Year 2022. If student's total earned income exceeds \$147,000, then input \$9,114*.</p> <p>For those reporting both student and student spouse income or who are married and filed a joint return, 6.2% of total student and student spouse earned income up to Contributions and Benefit Base of \$294,000 for Tax Year 2022. If the student and student spouse total earned income exceeds \$294,000, then input \$18,228*.</p>

\*Social Security's Old-Age, Survivors, and Disability Insurance (OASDI) program limits the amount of earnings subject to taxation for a given year. The same annual limit also applies when those earnings are used in a benefit computation. This limit changes each year with changes in the national average wage index. For earnings in 2022, this base is \$147,000.

The OASDI tax rate for wages paid in 2022 is set by statute at 6.2 percent for employees and employers, each. Thus, an individual with wages equal to or larger than \$147,000 would contribute \$9,114 to the OASDI program in 2022.

For more information visit: <https://www.ssa.gov/oact/cola/cbb.html>

**Table B2: Business/Farm Net Worth Adjustment**

<b>If the net worth of a business or farm is ____</b>	<b>Then the adjusted net worth is ____</b>
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 B3: Asset Protection Allowance**

<b>Age of student as of 12/31/2023</b>	<b>Allowance for married student</b>	<b>Allowance for unmarried student</b>	<b>Age of student as of 12/31/2023</b>	<b>Allowance for married student</b>	<b>Allowance for unmarried student</b>
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			

## Formula C – Independent Students with Dependent(s) Other than a Spouse

SAI = Student's Contribution from Adjusted Available Income

Student Contribution from Income		
Student (and Spouse) Income Additions		
a. Student (and Spouse) AGI		
b. Student (and Spouse) Deductible Payments to IRA/KEOGH/Other	+	
c. Student (and Spouse) Tax-Exempt Interest Income	+	
d. Student (and Spouse) Untaxed Portions of IRA Distributions (Excluding rollovers; if less than zero, enter zero)	+	
e. Student (and Spouse) Untaxed Portions of Pensions (Excluding rollovers; if less than zero, enter zero)	+	
f. Student (and Spouse) Foreign Income Exclusion (reported on U.S. Tax Return; if less than zero, enter the absolute value)	+	
1. Total Student (and Spouse) Income Additions (sum of lines a, b, c, d, e, and f)	=	
Student (and Spouse) Income Offsets		
g. Student (and Spouse) College Grant and Scholarship Aid		
h. Student (and Spouse) Education Credits	+	
i. Student (and Spouse) Federal Work-study (FWS)	+	
2. Total Student (and Spouse) Income Offsets (sum of lines g, h, and i)	=	
3. Total Student (and Spouse) Income (line 1 minus line 2)		
<ul style="list-style-type: none"> <li>Total Student (and Spouse) Income Additions – Total Student (and Spouse) Income Offsets</li> <li>May be a negative number</li> </ul>	=	
Allowances Against Student (and Spouse) Income		
4. Student (and Spouse) U.S. Income Tax Paid (or Foreign Equivalent)		
5. Payroll Tax Allowance (Table C1)		
a. Medicare's Hospital Insurance (HI) Program Tax Rate (Table C1: Step 1)	+	
b. Old-age, survivors, & disability insurance (OASDI) Tax Rate (Table C1: Step 2)	+	
6. Income Protection Allowance (IPA)		
<ul style="list-style-type: none"> <li>See Table C2 if the student indicator is married with dependents</li> <li>Table C3 if the student indicator is unmarried with dependents</li> </ul>	+	
7. Employment Expense Allowance (EEA)	+	



<ul style="list-style-type: none"> <li>If the student indicator is unmarried, the lesser of: <ul style="list-style-type: none"> <li>35% of the student earned income, OR</li> <li>\$4,730</li> </ul> </li> <li>If the student indicator is married, the lesser of: <ul style="list-style-type: none"> <li>35% of the student and student's spouse combined earned income, OR</li> <li>\$4,730</li> </ul> </li> </ul>		
8. Total Student (and Spouse) Allowances Against Income (sum lines 4, 5a, 5b, 6, and 7)	=	
<b>Student's Available Income (StAI)</b>		
Total Student (and Spouse) Income (line 3)		
Total Student (and Spouse) Allowances Against Income (line 8)	-	
9. Student Available Income (StAI; line 3 minus line 8) <ul style="list-style-type: none"> <li>May be a negative number</li> </ul>	=	

<b>Student Contribution from Assets</b>		
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"> <li>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</li> <li>If negative, enter zero</li> </ul>	+	
13. Adjusted net worth of business and/or farm (Table C4) <ul style="list-style-type: none"> <li>Net worth of business and/or farm multiplied by the applicable adjustment in Table C4</li> </ul>	+	
14. Net worth (sum of lines 10, 11, 12, and 13)	=	
15. Asset Protection Allowance (APA; Table C5)	-	
16. Discretionary Net Worth <ul style="list-style-type: none"> <li>Line 14 minus line 15</li> </ul>	=	
17. Asset Conversion Rate (7%)	x	0.07
18. Student Contribution from Assets (SCA) <ul style="list-style-type: none"> <li>Line 16 times line 17</li> <li>If negative, enter zero</li> </ul>	=	

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

## Supplementary Tables for Formula C – Independent Students with Dependent(s) Other than a Spouse

**Note for Table C1:** When calculating for more than one taxpayer (e.g., the student and student spouse did not file MFJ) the following rounding rules apply: calculation should be carried to three decimal places only. Once the student and student spouse calculated results are added together, round to the nearest whole numbers using standard rounding rules defined.

**Table C1: Payroll Tax Allowance**

<b>Tax Rate Program</b>	<b>Tax Rate</b>
Step 1: Medicare's Hospital Insurance (HI) Program Tax Rate	<p>If Student filed as Not Married [e.g., single, head of household, or qualifying surviving spouse]:</p> <ul style="list-style-type: none"> <li>• 1.45% of student earned income up to \$200,000, (+) plus</li> <li>• 2.35% of student earned income over \$200,000</li> </ul> <p>If Student filed as Married-Filed Joint Return (MFJ):</p> <ul style="list-style-type: none"> <li>• 1.45% of student and student spouse's combined earned income up to \$250,000, (+) plus</li> <li>• 2.35% of student and student spouse's combined earned income over \$250,000</li> </ul> <p>If Student filed as Married-Filed Separate Return (MFS):</p> <ul style="list-style-type: none"> <li>• 1.45% of student earned income up to \$125,000, (+) plus</li> <li>• 1.45% of student spouse's earned income up to \$125,000, (+) plus</li> <li>• 2.35% of student earned income over \$125,000 (+) plus</li> <li>• 2.35% of student spouse's earned income over \$125,000</li> </ul>
Step 2: Old-age, survivors, and disability insurance (OASDI) Tax Rate	<p>For independent students without a spouse or those who only report a single tax return, 6.2% of total earned income up to Contributions and Benefit Base of \$147,000 for Tax Year 2022. If student's total earned income exceeds \$147,000, then input \$9,114*.</p> <p>For those reporting both student and student spouse income or who are married and filed a joint return, 6.2% of total student and student spouse earned income up to Contributions and Benefit Base of \$294,000 for Tax Year 2022. If the student and student spouse total earned income exceeds \$294,000, then input \$18,228*.</p>

\*Social Security's Old-Age, Survivors, and Disability Insurance (OASDI) program limits the amount of earnings subject to taxation for a given year. The same annual limit also applies when those earnings are used in a benefit computation. This limit changes each year with changes in the national average wage index. For earnings in 2022, this base is \$147,000.

The OASDI tax rate for wages paid in 2022 is set by statute at 6.2 percent for employees and employers, each. Thus, an individual with wages equal to or larger than \$147,000 would contribute \$9,114 to the OASDI program in 2022.

For more information visit: <https://www.ssa.gov/oact/cola/cbb.html>.

**Table C2: Income Protection Allowance – Married with Dependents**

<b>Family Size (including Student)</b>	<b>Income Protection Allowance Amount</b>
3	\$54,580
4	\$67,400
5	\$79,530
6	\$93,010

**Note:** For each additional household member, add \$10,510.

**Table C3: Income Protection Allowance – Single with Dependents**

<b>Family Size (including Student)</b>	<b>Income Protection Allowance Amount</b>
2	\$51,960
3	\$64,700
4	\$79,880
5	\$94,260
6	\$110,230

**Note:** For each additional household member, add \$12,460.

**Table C4: Business/Farm Net Worth Adjustment**

<b>If the net worth of a business or farm is ____</b>	<b>Then the adjusted net worth is ____</b>
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 C5: Asset Protection Allowance**

Age of student as of 12/31/2023	Allowance for married student	Allowance for unmarried student	Age of student as of 12/31/2023	Allowance for married student	Allowance for 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
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			

**Table C6: Assessment from Adjusted Available Income**

If the AAI is ____	Then the 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

# Step 3: Determine Minimum Pell Grant Eligibility

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Use the Minimum Pell Grant criteria to identify additional applicants eligible for a Pell Grant. Under HEA Sec. 401(b)(1)(C), a student is eligible for a Minimum Pell Grant if any of the following is true:

## Dependent Student

- **Minimum Pell Indicator = 1:** The student's parent **is** a single parent and has an AGI less than or equal to 325% of the poverty guideline for the applicant's family size and state of legal residence; or
- **Minimum Pell Indicator = 2:** The student's parent **is not** a single parent and has an AGI less than or equal to 275% of the poverty guideline for the applicant's family size and state of legal residence.

## Independent Student

- **Minimum Pell Indicator = 3:** The student **is** a single parent, and the AGI is less than or equal to 400% of the poverty guideline for the applicant's family size and state of legal residence; or
- **Minimum Pell Indicator = 4:** The student **is** a parent and **is not** a single parent, and the AGI is less than or equal to 350% of the of the poverty guideline for the applicant's family size and state of legal residence; or
- **Minimum Pell Indicator = 5:** The student **is not** a parent, and the student's (and spouse's if applicable) AGI is less than or equal to 275% of the poverty guideline for the applicant's family size and state of legal residence.

**Note:** The Minimum Pell Indicator (1, 2, 3, 4, or 5) will be returned on the ISIR, if applicable.

For additional information on state of legal residence and poverty guidelines, see *Step 1: Determine Maximum Pell Grant Eligibility*.

## SAI for Minimum Pell Grant Recipients

Students eligible for a Minimum Pell Grant under one of these eligibility criteria retain the SAI calculated in *Step 2: Calculate Student Aid Index*. All other aid should be packaged using the calculated SAI.

## Federal Pell Grant Flag

The Federal Pell Grant Flag, used to determine if the student is eligible for a Pell Award, is set to Y when the following occurs.

**Table 1: 1Pell Grant Flag**

If	Then
Graduate Flag is blank OR Pursuing Teach Certification is "Yes" AND Any of the following are true: SAI is non-blank AND less than or equal to Maximum Pell SAI minus the Minimum Pell SAI OR SAI is non-blank AND Minimum Pell Indicator is non-blank, OR Children of Fallen Heroes Indicator is "Eligible for CFH" OR "Eligible Due to Grandfather" OR Iraq Afghanistan Service Grant Indicator is "Eligible for IASG" OR "Eligible Due to Grandfathering"	Pell Grant = Yes

**Note:** For development and testing purposes, use a Maximum Pell Grant value of \$7,395 and a Minimum Pell Grant value of \$740. Maximum and Minimum Pell Grant amounts are determined based on Congressional appropriations and as of December 2023 have not yet been set for the 2024-25 award year. This guide will be updated when the information is available.

# Appendix A:

## Acronyms

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**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

<b>Acronym</b>	<b>Definition</b>
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



# Appendix B:

## Dependency Status

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Dependency (independent or dependent) status determines which eligibility criteria is used to evaluate for Maximum or Minimum Pell Grant eligibility. It also drives which SAI formula to use for a student applicant.

Under HEA 480(d), a student is automatically determined to be independent for federal student aid purposes if he or she meets one or more of the following criteria:

- The student was born before January 1, 2001.
- The student is married or remarried (but not separated or divorced) as of the date of the application.
- At the beginning of the 2024-25 school year, the student will be enrolled in a master's or doctoral degree program (e.g., MA, MBA, MD, JD, PhD, EdD, or graduate certificate).
- The student is currently serving on active duty in the U.S. Armed Forces or is a National Guard or Reserves enlistee called into federal active duty for purposes other than training.
- The student is a veteran of the U.S. Armed Forces.
- The student has or will have one or more children or other people who live with and receive more than half of their support from the student, now and through the last day of the award year.
- At any time since the student turned age 13, both student's parents were deceased, or the student was in foster care or was a dependent or ward of the court.
- As determined by a court in the student's state of legal residence, the student is now, or was upon reaching the age of majority, an emancipated minor (that is, released from control by his or her parent or guardian).
- As determined by a court in the student's state of legal residence, the student is now, or was upon reaching the age of majority, in legal guardianship.
- On or after July 1, 2023, the student was determined homeless or at risk of becoming homeless by one of the following:
  - Director or designee of an emergency or transitional shelter, street outreach program, homeless youth drop-in center, or other program serving those experiencing homelessness
  - Student's high school or school district
  - Director or designee of project supported by a federal TRIO or GEAR UP program grant
  - Financial Aid Administrator

## Students with Unusual Circumstances

For students who do not meet any of the above criteria but who have documented unusual circumstances, an FAA can, by professional judgment and on a case-by-case basis, override their dependency status from dependent to independent. For information about dependency overrides, see the Application and Verification Guide, which is part of the Federal Student Aid Hand-

book and can be found on the Knowledge Center Web site. Additional guidance on the implementation of unusual circumstances under the FAFSA Simplification Act is also available in [Dear Colleague Letter GEN-22-15](#), published on November 4, 2022.

## Provisionally Independent Students

Beginning with the 2024-25 award year, applicants who indicate on the FAFSA form that they do not meet the above criteria to be considered an independent student but have an unusual circumstance, or who indicated that they are an unaccompanied homeless youth but do not have a determination from an authorized official, will be processed as provisionally independent. These students will receive a provisional SAI, which is calculated using the same formulas as a standard SAI but cannot be used to pay Federal student aid. Applicants who are provisionally independent will be directed to contact the financial aid office at their school for further guidance.

- If a FAFSA application is rejected, then no SAI will be calculated.
- If a provisionally independent student only has one FAFSA application rejected, then a provisional SAI will be calculated. If a provisionally independent student has a reject other than REJECT 1, then a provisional SAI will not be calculated.

# Appendix C: Family Size

Under FAFSA Simplification, family size (formerly “household size”) now aligns with the number of exemptions claimed on an individual’s tax return.

## Calculated Family Size

Family size can be calculated using IRS exemptions only if all input sources required to calculate the family size indicate to use the IRS exemption information. Inputs to family size are:

- Dependency status;
- Married indicator;
- IRS tax filing status; and
- IRS reported exemptions.\*

\*In scenarios where a taxpayer’s tax Filing Status = NO (did not file taxes), then the non-tax filer exemptions would be set to zero (0) for the purposes of the family size calculation. If the calculation appears to be missing the student, then an additional exemption of one (1) is added to the total for the purposes of the family size calculation.

**Table 3: Family Size Indicator**

Dependent Students	
If	Then
Parent Married Indicator = Married, AND Parent Tax Return Filing Status or Parent Spouse Tax Return Filing Status = Married Filing Jointly (MFJ), AND Parent Exemptions or Parent Spouse Exemptions + (plus) Student Exemptions > 2	Parent Family Size = [Parent Exemptions or Parent Spouse Exemptions + Student Exemptions]
Parent Married Indicator = Married, AND Parent Tax Return Filing Status or Parent Spouse Tax Return Filing Status = MFJ, AND Parent Exemptions or Parent Spouse Exemptions + (plus) Student Exemptions is <= 2	Parent Family Size = [Parent Exemptions or Parent Spouse Exemptions + Student Exemptions] + 1 (assumed student) = <b>3</b>
Parent Married Indicator = Married, AND Parent Tax Return Filing Status ≠ MFJ, AND Parent Spouse Tax Return Filing Status ≠ MFJ, AND Parent Exemptions + Parent Spouse Exemptions + Student Exemptions > 2	Parent Family Size = [Parent Exemptions + Parent Spouse Exemptions + Student Exemptions]

Dependent Students	
If	Then
Parent Married Indicator = Married, AND Parent Tax Return Filing Status ≠ MFJ, AND Parent Spouse Tax Return Filing Status ≠ MFJ, AND Parent Exemptions + Parent Spouse Exemptions + Student Exemptions ≤ 2	Parent Family Size = [Parent Exemptions + Parent Spouse Exemptions + Student Exemptions] + 1 (assumed student) = <b>3</b>
Parent Married Indicator = Unmarried, AND Parent Exemptions + Student Exemptions ≥ 2	Parent Family Size = [Parent Exemptions + Student Exemptions]
Parent Married Indicator = Unmarried, AND Parent Exemptions + Student Exemptions < 2	Parent Family Size = [Parent Exemptions + Student Exemptions] + 1 (assumed student) = <b>2</b>

Independent Students	
If	Then
Student Married Indicator = Married, AND student Tax Return Filing Status = MFJ, AND Student Exemptions is > 1	Student Family Size = [Student Exemptions]
Student Married Indicator = Married, AND student Tax Return Filing Status = MFJ, AND Student Exemptions ≤ 1	Student Family Size = [Student Exemptions] + 1 (assumed student) = <b>2</b>
Student Married Indicator = Married, AND Student Tax Return Filing Status ≠ MFJ, AND Student Exemptions + Student Spouse Exemptions ≥ 2	Student Family Size = [Student Exemptions + Student Spouse Exemptions]
Student Married Indicator = Married, AND Student Tax Return Filing Status ≠ MFJ, AND Student Exemptions + Student Spouse Exemptions < 2	Student Family Size = [Student Exemptions + Student Spouse Exemptions] + 1 (assumed student) = <b>2</b>
Student Married Indicator = Unmarried, AND Student Exemptions ≥ 1	Student Family Size = [Student Exemptions]

Student Married Indicator = Unmarried, AND Student Exemptions < 1	Student Family Size = [Student Exemptions] + 1 (assumed student) = 1
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## Self-Reported Family Size

For individuals without a calculated family size or for whom the calculated family size is inaccurate, family size can be self-reported by the applicant. The following persons are included in the family size.

**Table 4: Self-Reported Family Size**

Dependent Students	Independent Students
<ul style="list-style-type: none"> <li>• The student</li> <li>• The student's parents, even if the student is not living with them. Exclude a parent who has died or is not living in the household because of separation or divorce. Include a parent who is on active duty in the U.S. Armed Forces apart from the family.</li> <li>• The student's siblings if the following are true: <ul style="list-style-type: none"> <li>○ They live with the student's parents (or live apart because of college enrollment);</li> <li>○ They receive more than half of their support from the student's parents; and</li> <li>○ They will continue to receive more than half their support from the student's parents during the award year.</li> </ul> </li> <li>• Other persons if the following are true: <ul style="list-style-type: none"> <li>○ They live with the student's parents;</li> <li>○ They receive more than half of their support from the student's parents; and</li> <li>○ They will continue to receive more than half their support from the student's parents during the award year.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The student</li> <li>• The student's spouse, if applicable</li> <li>• The student's dependent children if the following are true: <ul style="list-style-type: none"> <li>○ They live with the student (or live apart because of college enrollment);</li> <li>○ They receive more than half of their support from the student; and</li> <li>○ They will continue to receive more than half their support from the student during the award year.</li> </ul> </li> <li>• Other persons if the following are true: <ul style="list-style-type: none"> <li>○ They live with the student;</li> <li>○ They receive more than half of their support from the student; and</li> <li>○ They will continue to receive more than half their support from the student during the award year.</li> </ul> </li> </ul>

The provided criteria for "dependent children" or "other persons" align with the requirement that family size align with whom the parent (or student, if dependent) could claim as a dependent on a U.S. tax return if the parent (or student, if dependent) were to file a U.S tax return at the time of completing the 2024-2025 FAFSA. As a result, unborn children should not be included in the family size.

## Hierarchy Rules

In instances where the family size is calculated, and there is both a Calculated Family Size and a Self-Reported Family Size provided, the Self-Reported Family Size value must be used in the SAI calculation.

The family size that was used in the SAI calculation is the one that is returned on the ISIR file.

If any taxpayer data used in the SAI calculation indicates to use only self-reported information (e.g., one spouse uses IRS and the other spouse indicates use self-reported income or if dependent, and the dependent student indicates use only self-reported income information even if both parents use IRS data) then the Family Size used in the SAI calculation must be the Self-Reported Family Size captured on the FAFSA.

# Appendix D: Non-Tax Filer vs. Tax Filer Status

Determine the student's non-tax filer or tax filer qualification prior to executing the SAI calculation. Use the following rules to determine the student's taxpayer qualification:

**Table 5: Non-Tax Filer vs. Tax Filer Status**

Dependent Students	
If	Then
The student/parent/parent spouse IRS tax Filing Status = NO (i.e., IRS response code 214, did not file taxes) and self-reported income is not provided OR The student/parent/parent spouse self-reported did not file taxes (i.e., studentNoTaxesFiled/parentNoTaxesFiled/ parentSpouseNoTaxesFiled field indicates = True)	Set the indicator to <b>Non-Tax Filer</b>
The student/parent/parent spouse tax Filing Status = YES (i.e., IRS response code 200) OR The student/student spouse self-reported income is provided (e.g., AGI, taxes paid, etc.)	Set the indicator to <b>Tax Filer</b>

Independent Students	
If	Then
The student/student spouse tax Filing Status = NO (i.e., IRS response code 214, did not file taxes) and self-reported income is not provided OR The student/student spouse self-reported did not file taxes (i.e., the studentNoTaxesFiled/studentSpouseNoTaxesFiled field = True)	Set the indicator to <b>Non-Tax Filer</b>
The student/student spouse tax Filing Status = YES (i.e., IRS response code 200) OR The student/student spouse self-reported income is provided (e.g., AGI, taxes paid, etc.)	Set the indicator to <b>Tax Filer</b>

If status is tax filer, the following additional variable inputs in the sections below may need to be determined prior to executing the SAI calculation.

# Appendix E: Applicants Exempt from Asset Reporting

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## Dependent Student

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.

The Parent AND Dependent Student are required to provide assets when any of the following are true:

- Parent state of legal residence is any of the following (Canadian Provinces/Foreign Country): Alberta (AB), British Columbia (BC), foreign country (FC), Manitoba (MB), New Brunswick (NB), Newfoundland and Labrador (NL), Northwest Territories (NT), Nova Scotia (NS), Nunavut (NU), Ontario (ON), Prince Edward Island (PE), Quebec (QC), Saskatchewan (SK), Yukon (YT), Republic of Palau (PW), Republic of the Marshall Islands (MH), Federated States of Micronesia (FM)
- *Parent Filed Non-U.S. Tax Return* FAFSA question response is either "Filed or will file a foreign tax return" OR "Did not and will not file a foreign tax return – earned income in a foreign country or employee of an international organization that did not require tax filing"
- *Other Parent Filed Non-U.S. Tax Return* FAFSA question response is either "Filed or will file a foreign tax return" OR "Did not and will not file a foreign tax return – earned income in a foreign country or employee of an international organization that did not require tax filing"

## Independent Student

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.

# Appendix F: Determining Marital Status

The married indicator is used in the SAI calculation for several variable steps. The married indicator is set using the following inputs:

- Dependency status
- Marital status

**Table 6: Married Status Indicator**

Dependent Students	
If	Then
Parents' marital status is Married, Remarried, or Unmarried and both legal parents living together	Set the parent married indicator to <b>Married</b>
Parents' marital status is Never Married, Divorced or Separated, or Widowed	Set the parent married indicator to <b>Unmarried</b>

Independent Students	
If	Then
Student marital status is Single, Separated*, Divorced, or Widowed	Set the student married indicator to <b>Unmarried</b>
Student marital status is Married or Remarried	Set the student married indicator to <b>Married</b>

**\*Note:** A key change with FAFSA Simplification is that a "separated" student is no longer considered married for the purpose of determining dependency status.

# Appendix G: Determining “Single Parent” Status

For the SAI calculation to use the correct look-up tables or determine if an independent student qualifies as a single parent, the Has Dependents indicator must first be determined. Inputs to Has Dependents indicator are:

- Student Married Indicator
- Student Family Size

**Table 7: Has Dependents Indicator**

Independent Students	
If	Then
Student Married Indicator = Married, AND Student Family Size >= 3	Has Dependents Indicator = TRUE
Student Married Indicator = Unmarried, AND Student Family Size >= 2	Has Dependents Indicator = TRUE
Student Married Indicator = Married, AND Student Family Size = 2	Has Dependents Indicator = FALSE
Student Married Indicator = Unmarried, AND Student Family Size = 1	Has Dependents Indicator = FALSE

## Single Parent Status Indicator Logic

Determine the Single Parent indicator to identify which Maximum and Minimum Pell AGI threshold percentage rate to use in the SAI calculation for Maximum Pell indicator 2 or 3 or the Minimum Pell indicator 1–4. Inputs to determine single parent indicator are:

- Dependency status
- Married indicator
- Has dependents indicator (Independent only)
- Tax filing status
- Earned income credit (EITC) response\*.

\*Note: If the Self-Reported EITC Response = [blank] or not provided, presume Response = NO for purposes of the SAI calculation.

**Table 8: Single Parent Status Indicator**

<b>Dependent Students</b>		
<b>If</b>	<b>Then</b>	<b>Else</b>
Parent Married Indicator = Un-married, AND Parent Tax Return Filing Status = Head of Household, OR Parent Tax Return Filing Status = Qualifying Surviving Spouse, OR Parent Self-Reported EITC Response = YES	Parent Single Parent Indicator = TRUE	Parent Single Parent Indicator = FALSE

<b>Independent Students</b>		
<b>If</b>	<b>Then</b>	<b>Else</b>
Student Married Indicator = Un-married, AND Has Dependents Indicator = TRUE, AND Student Tax Return Filing Status = Head of Household, OR Student Tax Return Filing Status = Qualifying Surviving Spouse, OR Student Self-Reported EITC Response = YES	Student Single Parent Indicator = TRUE	Student Single Parent Indicator = FALSE

# Appendix H: Determining Income Source Information

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An SAI is calculated using any of the following variations, per contributor:

- Using only FTI income data (FTI data indicates the data was received from the IRS)
- Using some FTI income data and some self-reported income data (combo) OR using some FTI income data and non-tax filer (combo\*), or
- Using only self-reported income data\*\*

\*In scenarios where the SAI calculation needs to use a combination of a tax filer (has income) and a non-tax filer (e.g., *has no income – did not file taxes or self-reported did not file taxes*) only the tax filer income information is used for look-up tables, etc. with one exception as noted above – the family size calculation if using IRS exemptions only.

\*\*The FAFSA may also determine that none of the IRS information should be used or ignored. If this occurs, the Use Self-reported Income Data Only indicator will be set to TRUE on the ISIR and the SAI is calculated using only self-reported income information.

FAFSA will determine the source of the information to use in the SAI calculation. Based on initial checks with the IRS, FAFSA uses the results to determine if the user must provide self-reported income information due to conflicts or if they are a non-U.S. tax filer and need to report foreign income.

As a rule, any self-reported income information at field level should replace IRS Federal Tax Information (FTI) data at field level in an SAI calculation. For example, if on the ISIR both the FTI data field and the self-reported data field is populated (e.g., *IRS AGI and self-reported AGI fields*), the self-reported field is what is used in the SAI calculation.

## Rules when contributor **MUST** provide self-reported income information:

If any of the following are true, FAFSA will require the FAFSA contributor to provide self-reported income data which will be used in the SAI calculation and ignore any IRS FTI data:

**Table 9: 2Contributor Must Provide Self-Reported Income**

<b>Independent Students</b>	
<b>If</b>	<b>Then</b>
<p>Any of the following are true for the Student</p> <p>Student is unmarried AND Student tax filing status (TFS) = MFJ, OR Student is married AND Student TFS = MFJ AND Student Filed Joint Return with Current Spouse is “No” OR Blank , OR Student IRS Response code(s) returned are a 203, 206, 212, or 214</p>	Manual entry is required for the Student
<p>Student Spouse AND any of the following are true for the Student Spouse</p> <p>Student Spouse TFS = MFJ OR Student Spouse IRS Response code(s) returned are a 203, 206, 212, or 214</p>	Manual entry is required for the Student Spouse

<b>Dependent Students</b>	
<b>If</b>	<b>Then</b>
<p>Any of the following are true for the Parent</p> <p>Parent is unmarried AND Parent TFS = MFJ, OR Parent TFS = Single, HoH or Qualifying Surviving Spouse, OR Parent is married AND Parent TFS = MFJ AND Parent Filed Joint Return with Current Spouse is “No” OR Blank, OR Parent IRS Response code(s) re-turned are a 203, 206, 212 or 214</p>	Manual entry is required for the Parent
<p>Parent Spouse AND any of the following are true for the Parent Spouse</p> <p>Parent Spouse TFS = MFJ OR Parent Spouse IRS response code(s) returned is a 203, 206, 212, or 214</p>	Manual entry is required for the Parent Spouse

## Rules when contributor DOES NOT provide self-reported income information:

If any of the following are true, FAFSA will not require the FAFSA contributor to provide self-reported income data in the SAI calculation and will indicate use IRS FTI data:

**Table 10: Contributor Does Not Provide Self-Reported Income**

<b>Independent Students</b>	
<b>If</b>	<b>Then</b>
<p>All of the following are true for the Student</p> <p>Student IRS response code returned is a 200 or 214 AND</p> <p>Any of the following are true:</p> <p>Student TFS = Single, HoH or Qualifying Surviving Spouse, OR</p> <p>Student TFS = MFS, OR</p> <p>Student TFS = MFJ AND Student is married AND Student Filed Joint Return with Current Spouse is "Yes," OR</p> <p>Student Filed 1040 or 1040NR is "No" AND Student Filed a Non-U.S. Tax Return is "No"</p>	<p>Manual entry is NOT required for the Student</p>
<p>Student Spouse AND all of the following are true for the Student Spouse</p> <p>Student Spouse IRS response code returned is a 200 or 214 AND</p> <p>Any of the following are true:</p> <p>Student Spouse TFS = Single, HoH or Qualifying Surviving Spouse, OR</p> <p>Student TFS = MFS, OR</p> <p>Student Spouse Filed 1040 or 1040NR is "No" AND Student Spouse Filed a Non-U.S. Tax Return is "No"</p>	<p>Manual entry is NOT required for the Student Spouse</p>

Dependent Students	
If	Then
<p>Any of the following are true:</p> <ul style="list-style-type: none"> <li>Parent TFS = Single, HoH or Qualifying Surviving Spouse, OR</li> <li>Parent TFS = MFS, OR</li> <li>Parent TFS = MFJ and Parent is married and Parent Filed Joint Return with Current Spouse is “Yes” OR</li> <li>Parent Filed 1040 or 1040NR is “No” and Parent Filed a Non-U.S. Tax Return is any of the following are true: <ul style="list-style-type: none"> <li>• Did not and will not file a foreign tax return – earned income in a foreign country or employee of an international organization that did not require tax filing</li> <li>• Did not and will not file a U.S. tax return – earned U.S. income below the tax filing threshold</li> <li>• Did not and will not file a U.S. tax return – reasons other than low income</li> <li>• Did not and will not file any tax return – no earned income</li> </ul> </li> </ul>	Manual entry is NOT required for the Parent
<p>Parent Spouse AND all of the following are true for the Parent Spouse</p> <p>Parent Spouse TFS not equal to MFJ AND Parent Spouse IRS response code returned is a 200 or 214 AND Any of the following are true:</p> <ul style="list-style-type: none"> <li>Parent Spouse TFS = Single, HoH or Qualifying Surviving Spouse, OR</li> <li>Parent Spouse TFS = MFS, OR</li> <li>Parent Spouse Filed 1040 or 1040NR is “No” and Parent Spouse Filed a Non-U.S. Tax Return is any of the following are true: <ul style="list-style-type: none"> <li>• Did not and will not file a foreign tax return – earned income in a foreign country or employee of an international organization that did not require tax filing</li> <li>• Did not and will not file a U.S. tax return – earned U.S. income below the tax filing threshold</li> <li>• Did not and will not file a U.S. tax return – reasons other than low income</li> <li>• Did not and will not file any tax return – no earned income</li> </ul> </li> </ul>	Manual entry is NOT required for the Parent Spouse



# Appendix I: Additional Resources

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## [FAFSA Specifications Guide](#)

The FAFSA Specifications Guide is designed to meet the reference needs of financial aid administrators (FAA), programmers and data processing staff who want to incorporate electronic Free Application for Federal Student Aid (FAFSA) functionality into their institutional systems.

## [FAFSA Simplification Act Changes for Implementation in 2024-25](#)

This document summarizes changes to requirements under Title IV of the Higher Education Act resulting from the FAFSA Simplification Act that will become effective for the 2024-25 Award Year.

## [EDEExpress Resources](#)

EDEExpress resources are associated with the Windows software/PC application that processes, packages, and manages Title IV student financial aid records.