

Chapter 2

Calculating Pell Grants

Pell Grant Scheduled Awards are based on information provided on the FAFSA form, the presence of a valid Student Aid Index (SAI) on the student's FAFSA Submission Summary or ISIR, the academic year structure (see *Volume 3*, Chapter 1), and the Pell Grant cost of attendance (COA) for a full-time student for a full academic year (see *Volume 3*, Chapter 2). For term-based programs, awards for part-time students are also adjusted based on a student's enrollment intensity.

Scheduled Award, Award Year, and Annual Award

The **Scheduled Award** is the maximum amount a student can receive during the award year if the student attends full time for a full academic year. The award year begins on July 1 of one year and ends on June 30 of the next year. For example, the 2024-25 award year begins July 1, 2024, and ends June 30, 2025. The student's **Scheduled Award** is established by the school using the student's Pell Grant COA and the information received on the student's ISIR, which will include the student's Pell Grant eligibility and SAI. Pell Grant payment and disbursement schedules previously published by the Department will not be used in the 2024-25 award year and thereafter.

The **annual award** is the maximum amount a student would receive during a full academic year based on enrollment intensity and COA. Note that for a full-time student, the annual award will be the same as the Scheduled Award. A part-time student who is enrolled in a term-based program will have an annual award that is less than the Scheduled Award.

Published Maximum and Minimum Pell Grant Award Amounts

The maximum Pell Grant award amount is determined by the appropriation Act applicable to that award year. The Department will announce the maximum Pell Grant award amount for the award year, as required, when the amount is available. The minimum Pell Grant award amount will be 10% of the maximum Pell Grant award amount for the award year. Both the maximum and minimum award amounts will be rounded to the nearest \$5. You should refer to the [Knowledge Center](#) for the most updated information.

Note: Examples use fictional maximum (\$7,500) and minimum (\$750) Pell Grant award amounts for demonstration purposes only. Award amounts in examples in this volume should not be used in packaging Pell Grants for the 2024-25 award year.

Pell Grant Eligibility Criteria

Beginning with the 2024–25 award year, a student may qualify for a Pell Grant under one of three sets of eligibility criteria:

- Maximum Pell Grant eligibility (Max Pell)
- Minimum Pell Grant eligibility (Min Pell)
- Calculated Pell Grant eligibility, based on SAI

If FPS has determined that an ISIR transaction is eligible for a Pell Grant, the "Pell Grant Eligibility Flag" will be set to "Y". Schools will use additional information on the ISIR to determine whether students qualify for Max Pell, Min Pell, or a Calculated Pell Grant. Actual Pell Grant award amounts are unique to individual students and are based upon and limited by the student's enrollment intensity, SAI, COA, and Lifetime Eligibility Used (LEU). For more on LEU, see Chapter 8 of this volume.

Maximum Pell Grant Eligibility Criteria

This section describes eligibility criteria to qualify for a Max Pell Grant and the "Max Pell Indicator" value that you will see on the student's ISIR.

Dependent Student

Max Pell Indicator	Eligibility Criteria
1	The student's parent(s) is not required to file a federal income tax return.

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 residence.
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 residence.
Blank	Ineligible for Max Pell

Independent Student

Max Pell Indicator	Eligibility Criteria
1	The student (and spouse, if applicable) is not required to file a federal income tax return.
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 residence.
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 residence.
Blank	Ineligible for Max Pell

Maximum Pell Grant Eligibility

HEA Sec. 401(b)(1)(A)

Poverty Guidelines

The Department of Health and Human Services (HHS) annually produces poverty guidelines by state of residence. Use the [U.S. Federal Poverty Guidelines Used to Determine Financial Eligibility for Certain Programs](#) for the prior-prior tax year (e.g., for the 2024–25 award year, use the 2022 poverty guideline) by state of legal residence to determine a student's eligibility for Max or Min Pell.

State of Legal Residence

Dependent student state of legal residence is the reported state of residence of their parent(s), if reported. Otherwise, use the student's reported state of residence. For independent students, use the reported state of residence for the applicant. For independent student applicants or parents of dependent student applicants who do not have a reported state of legal residence or whose place of legal residence is outside the U.S., use the poverty estimates for the contiguous 48 states.

Required to File a Federal Income Tax Return

Use [IRS Publication 501](#) to determine if the independent applicant or dependent student's parent(s) was required to file a federal tax return. If tax filing status is known, use the combination of reported marital status, tax filing status, and age to determine if they were required to file.

Minimum Pell Grant Eligibility Criteria

This section describes eligibility criteria to qualify for a Min Pell Grant and the “Minimum Pell Indicator” value that you will see on the student’s ISIR.

Dependent Student

Min Pell Indicator	Eligibility Criteria
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 residence.
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 residence.
Blank	Ineligible for Min Pell

Independent Student

Min Pell Indicator	Eligibility Criteria
3	The student is a single parent, and the AGI is less than or equal to 400% of the poverty line.
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 residence.
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 of the poverty guideline for the applicant’s family size and state of residence.
Blank	Ineligible for Min Pell

Minimum Pell Grant Eligibility

HEA Sec. 401(b)(1)(C)

Calculated Pell Grant (Eligibility Based on SAI and COA)

If the “Pell Grant Eligibility Flag” on the ISIR is set to “Y”, but the “Max Pell Indicator” and “Minimum Pell Indicator” are blank, the student is eligible for a calculated Pell Grant. To determine the amount of a calculated Pell Grant, subtract the student’s calculated SAI from the award year’s published Max Pell amount. Round the result to the nearest \$5. If the result is greater than the award year’s published Min Pell amount and less than the student’s COA, the student is eligible for a calculated Pell Grant of that resulting amount.

Volume 7, Chapter 2, Example 1: Eligible for calculated Pell Grant

A student’s calculated SAI is 1,004 and the Pell COA is \$10,000. For demonstration purposes, assume the published Max Pell for the award year is \$7,500. The school subtracts the student’s calculated SAI from the published Max Pell and rounds the result to the nearest \$5.

Max Pell (\$7,500) - SAI (1,004) = \$6,496 (rounded to \$6,495)

Since the calculated Scheduled Award is less than the Pell COA, the school determines the student is eligible for a Scheduled Award of \$6,495.

If the student's calculated Pell Grant is greater than the Min Pell amount *and* the student's COA, the Scheduled award will be the same value as the student's COA (not rounded).

Volume 7, Chapter 2, Example 2: Eligible for calculated Pell Grant, capped at COA

A student's calculated SAI is 1,004 and the Pell COA is \$6,493. For demonstration purposes, assume the published Max Pell for the award year is \$7,500. The school subtracts the student's calculated SAI from the published Max Pell and rounds the result to the nearest \$5.

Max Pell (\$7,500) - SAI (1,004) = \$6,496 (rounded to \$6,495)

Since the calculated Scheduled Award is greater than the Pell COA, the school determines the student's Scheduled Award must be capped at the COA. The student is eligible for a Scheduled Award of \$6,493.

If the student's calculated Pell Grant is less than the published Min Pell amount for the award year, the student is not eligible for a calculated Pell Grant. However, the student may still meet eligibility requirements for Min Pell based on AGI, family size, state of residence, and poverty guidelines, described previously.

Volume 7, Chapter 2, Example 3: Ineligible for calculated Pell Grant

A student's calculated SAI is 7,001 and the Pell COA is \$9,000. For demonstration purposes, assume the published Max Pell for the award year is \$7,500. The school subtracts the student's calculated SAI from the published Max Pell and rounds the result to the nearest \$5.

Max Pell (\$7,500) - SAI (7,001) = \$499 (rounded to \$500)

The published Min Pell for the award year is 10% of the Max Pell, or \$750. Since this student's calculated Pell Grant is less than the published Min Pell, the student is not eligible for a calculated Pell Grant. However, the student may still meet eligibility requirements for a Min Pell.

Determining the Award Year for Crossover Pell Awards

You must source Pell Grant funds from the award year to which the payment period is assigned. When awarding Pell Grants for a crossover payment period, you may assign the payment period to the award year that best meets the needs of your students and maximizes a student's eligibility over the two award years in which the crossover payment period occurs. For general information about payment periods, see Chapter 1 of *Volume 3*, and for more detail on crossover payment periods, see the section on crossover payment periods in Chapter 5 of this volume.

Crossover payment periods

Basic Pell Grant Formulas

Except for subscription-based programs (see *Volume 2* and *Volume 3*, Chapter 1 for information on subscription-based programs), if all coursework is scheduled to be completed within a specific time frame, the program generally can be considered term-based. Term-based programs can have either standard terms or nonstandard terms. Pell Grants are usually calculated differently for the two types of terms. Standard-term programs may be treated similarly to nonstandard-term programs if the program does not conform to a traditional academic calendar or meet certain other conditions. Regardless of whether coursework is generally offered using terms, schools always have the option of treating a program as a non-term program for *Title IV* purposes. See *Volume 3*, Chapter 1 for detailed guidance on standard term, nonstandard term, and non-term programs.

When calculating Pell Grants, you must generally use the same formula for all years in a student's program. In most cases, a program's academic calendar determines the formula that must be used to calculate Pell Grant awards, and that formula is then used for all years of the program. However, for programs offered in standard terms a school has the option of choosing between different Pell formulas, as explained later in this chapter. For such programs a school normally chooses one of the allowable formulas and uses that same formula for the duration of the program, but in rare cases a school may have reason to change from the originally selected formula to a different allowable formula. Any such change in Pell formulas for standard-term programs can only be made at the beginning of a new award year.

Basic Pell Grant formulas

[34 CFR 690.63](#) – Pell Grant formulas

Pell Grant Payments by Payment Period

Pell Grants must be spread out in disbursements over the course of a program of study to help meet the student's costs in each payment period. The payment period affects when Pell funds are disbursed and the exact amount to be disbursed. See *Volume 3*, Chapter 1 for further discussion and definitions of payment periods.

A student who doesn't enroll in one of the payment periods of a program won't receive the portion of their award for that payment period. If the student's enrollment intensity changes in the next payment period, the annual award will change and the disbursement amount for the payment period will be different.

Your school must apply its federal student aid full-time enrollment standards consistently to all students enrolled in the same program of study for all federal student aid purposes. However, your school's academic standard may differ from the enrollment standard used by the financial aid office for federal student aid purposes. For example, your school's academic policy may define full time as six hours during the summer, but the financial aid office uses 12 hours as the full-time standard for all terms, including the summer term. For more on enrollment status, see *Volume 1*, Chapter 1.