



FAFSA Simplification: Pell Calculations and Case Studies

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Pell Calculation Overview



Three-ish Steps to Calculate Pell

Bye Pell Charts!

- Consider for the *max* Pell Grant
- If not eligible for *max* Pell but eligible for *calculated* Pell, use that
- If not eligible for max or calculated Pell, use *min* Pell

More than One
May Apply!

Changes to Pell Eligibility

Maximum Pell Grant

- Non-tax filers; or
- Tax filers, based on:
 - AGI
 - Poverty Guidelines
 - Family Size

Calculated Schedule Pell Grant

- Maximum Published schedule Pell Grant *minus* calculated SAI

Minimum Pell Grant

- Based on:
 - AGI
 - Poverty Guidelines
 - Family Size



Poverty guidelines and why they matter

- Need to start with annual Poverty Guidelines for the tax year being used with the FAFSA (for 2024-25, these would be the 2022 Federal Poverty Guidelines)
- There are three guidelines: 48 contiguous states, Alaska and Hawaii
- Published annually by Department of Health and Human Services



Pell Grant Resource

Federal publication for Pell Calculation here: <https://fsapartners.ed.gov/sites/default/files/2023-05/202425DRAFTSAIGuideSupplementEligibilityforMaxorMinPellGrantResource.pdf>

Dependent Students

- Determine the dependent student's parents date of legal residence
- Determine if student's parent is single parent
- Reference the appropriate table to locate the row that corresponds to the family size

Independent Students

- Determine the student's state of legal residence
- Determine if the student is a single parent
- Reference the appropriate table to locate the row that corresponds to the student's family size

What are the guidelines?



Choose Year: 2022
Choose State: Alaska

Household/ Family Size	Per Year						
	100%	175%	225%	275%	325%	350%	400%
1	\$16,990	\$29,733	\$38,227	\$46,722	\$55,217	\$59,465	\$67,960
2	\$22,890	\$40,058	\$51,502	\$62,947	\$74,392	\$80,115	\$91,560
3	\$28,790	\$50,383	\$64,777	\$79,172	\$93,567	\$100,765	\$115,160
4	\$34,690	\$60,708	\$78,052	\$95,397	\$112,742	\$121,415	\$138,760
5	\$40,590	\$71,033	\$91,327	\$111,622	\$131,917	\$142,065	\$162,360
6			\$114,603	\$127,847	\$151,092	\$162,715	\$185,960
			,878	\$144,072	\$170,267	\$183,365	\$209,560
			,153	\$160,297	\$189,442	\$204,015	\$233,160
			,275	\$16,225	\$19,175	\$20,650	\$23,600

Choose Year: 2022
Choose State: 48 Contiguous States

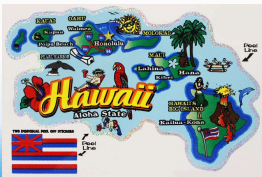
Household/ Family Size	Per Year						
	100%	175%	225%	275%	325%	350%	400%
1	\$13,590	\$23,783	\$30,577	\$37,372	\$44,167	\$47,565	\$54,360
2	\$18,310	\$32,043	\$41,197	\$50,352	\$59,507	\$64,085	\$73,240
3	\$23,030	\$40,303	\$51,817	\$63,332	\$74,847	\$80,605	\$92,120
4	\$27,750	\$48,563	\$62,437	\$76,312	\$90,187	\$97,125	\$111,000
5	\$32,470	\$56,823	\$73,057	\$89,292	\$105,527	\$113,645	\$129,880
6	\$37,190	\$65,083	\$83,677	\$102,272	\$120,867	\$130,165	\$148,760
7	\$41,910	\$73,343	\$94,297	\$115,252	\$136,207	\$146,685	\$167,640
8	\$46,630	\$81,603	\$104,918	\$128,232	\$151,547	\$163,205	\$186,520

Add for each additional person

\$4,720	\$8,260	\$10,620	\$12,980	\$15,340	\$16,520	\$18,880
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Choose Year: 2022
Choose State: Hawaii

Household/ Family Size	Per Year						
	100%	175%	225%	275%	325%	350%	400%
1	\$15,630	\$27,353	\$35,167	\$42,981	\$50,795	\$54,360	\$62,174
2	\$21,060	\$36,855	\$47,385	\$57,915	\$68,445	\$73,240	\$83,770
3	\$26,490	\$46,358	\$59,602	\$72,856	\$86,110	\$91,560	\$104,814
4	\$31,920	\$55,860	\$71,820	\$87,780	\$103,740	\$109,190	\$125,150
5	\$37,350	\$65,363	\$84,037	\$101,961	\$118,705	\$124,155	\$140,900
6	\$42,780	\$74,865	\$96,255	\$116,441	\$134,189	\$140,605	\$157,340
7	\$48,210	\$84,368	\$108,473	\$132,517	\$149,673	\$156,020	\$172,770
8	\$53,640	\$93,870	\$120,690	\$147,510	\$174,330	\$180,740	\$197,560
Add for each additional person	\$4,780	\$8,365	\$10,755	\$13,145	\$15,535	\$16,730	\$19,120





Maximum Pell Grant

Criteria for Maximum Scheduled Pell Grant – Dependent Student

Parent not required to file federal income
tax return

OR

Single parent with $AGI > 0$ and $\leq 225\%$ of
poverty guideline for family size and state of
residence

OR

Parent NOT single parent and has $AGI > 0$
and $\leq 175\%$ of poverty guideline for family
size and state of residence

Criteria for Maximum Scheduled Pell Grant – Independent Student

Student/spouse not required to file federal
income tax return

OR

Single parent with AGI > 0 and $\leq 225\%$ of
poverty guideline for family size and state of
residence

OR

Student NOT single parent and has AGI >
0 and $\leq 175\%$ of poverty guideline for family
size and state of residence

SAI Calculation

- Use one of the three formulas to calculate the SAI
 - Formula A – Dependent Students
 - Formula B – Independent Students **without** dependents other than spouse
 - Formula C – Independent Students **with** dependents other than spouse
- Students eligible for Max Pell will be assigned an SAI in one of two ways:
 - Non-tax filers:
 - Independent students who are not required to file taxes
 - Dependent students whose parents are not required to file taxes (even if the student themselves do file taxes)
 - SAI = -1500 if not required to file federal tax return
 - Tax filers:
 - SAI = 0 or the calculated SAI, whichever is less, but not lower than -1500 SAI



Some Important Notes

- Income must be greater than 0 to qualify for max Pell and min Pell. If income is 0 or less than 0, then use calculated SAI.
- If student is eligible for max Pell and the income you are examining (parent for dependent student, and student for independent student) is greater than 0, and the person filed a tax return, use either a 0 SAI or the calculated SAI, whichever is lower.
- If the student is eligible for max Pell and there is no tax return filed, use an automatic -1500 SAI.



Calculated Pell Grant

Calculated Scheduled Pell Grant

- Students not eligible for automatic Max Pell Grant may be eligible for a calculated schedule Pell Grant
- Calculated by subtracting SAI from the Maximum Pell Grant amount
 - Rounded to the nearest 5





Calculated Pell Example

- Know the max Pell amount (let's say \$7,395)
- Know the 90% value of the max Pell (for \$7,395 it would be \$6,655)
- If the SAI is higher than 90% of the max Pell, then no Pell calculated (remember they still could get max or min Pell though)
- If the SAI is 90% or lower of max Pell, Pell amount is the max Pell minus the SAI ***rounded to the nearest \$5***:
 - Example 1: SAI is \$7,000. No calculated Pell
 - Example 2: SAI is \$6,655. Pell is $\$7,395 - 6,655$ or \$740
 - Example 3: SAI is \$6,652. Pell is $\$7,395 - 6,652$ or \$743, rounded to \$745
 - Example 4: SAI is \$3,008. Pell is $\$7,395 - 3,008$ or \$4,387, rounded to \$4,385
 - Example 4: SAI is \$0. Pell is $\$7,395 - 0$ or \$7,395
 - Example 5: SAI is \$-1400. Pell is $\$7,395 - 0$ or \$7,395
- If the COA is less than the calculated Pell, use the COA itself as the maximum



Minimum Pell Grant

Criteria for Minimum Scheduled Pell Grant – Dependent Student

Student's parent is a single parent with an AGI \leq 325% of the poverty guideline for family size and state of residence

OR

Student's parent NOT single parent and has AGI \leq 275% of poverty guideline for family size and state of residence

Criteria for Minimum Scheduled Pell Grant – Independent Student

Student is a single parent and the AGI is \leq to 400% of the poverty line for family size and state of residence

OR

Student is a parent and is NOT single and the AGI is \leq 350% of the poverty line for family size and state of residence

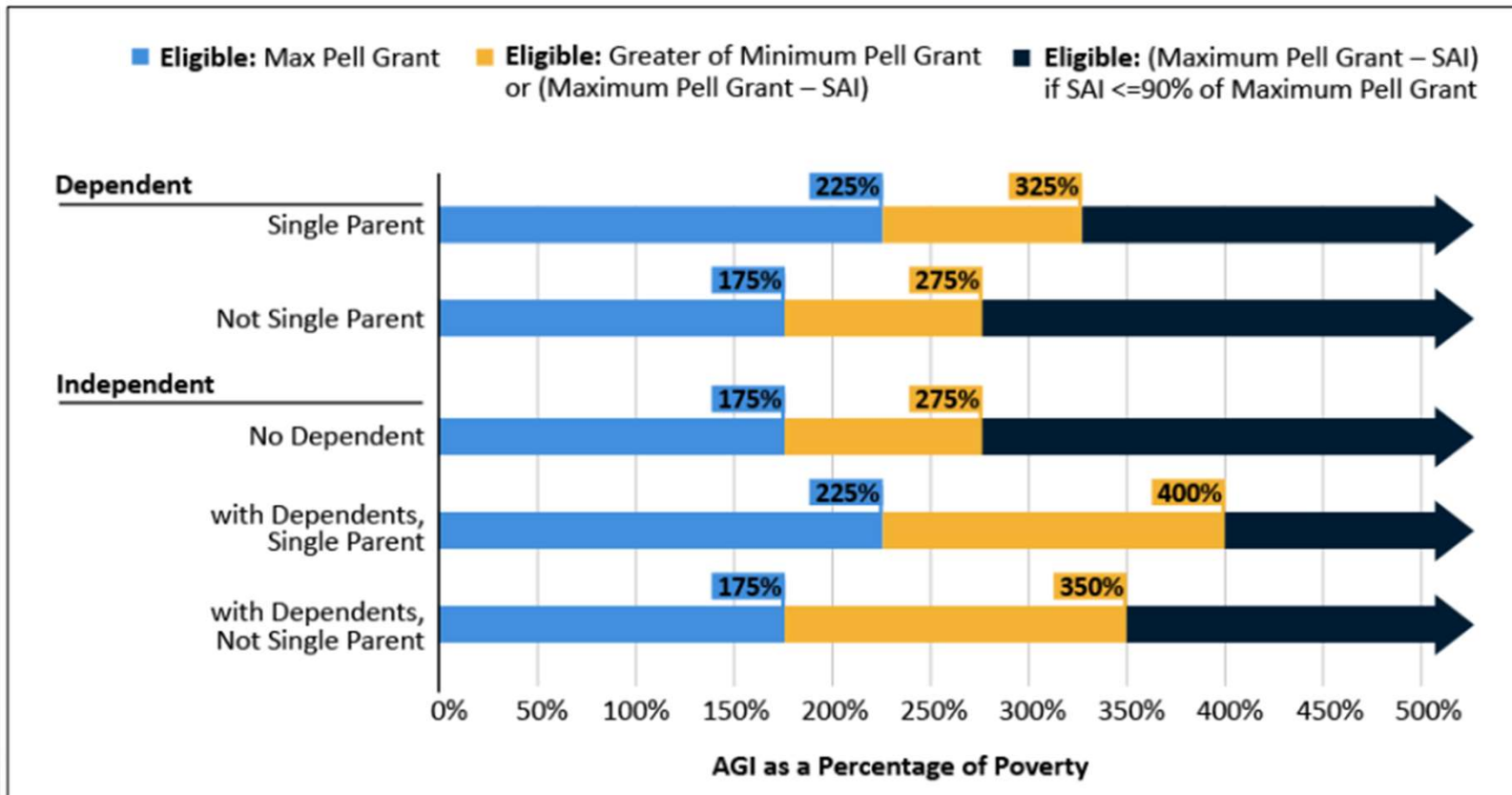
OR

Student is not a parent, and the student's (and spouse if applicable) AGI is \leq to 275% of the poverty line for the family size and state of residence

Pell Limitations

- Published Max and Min Pell amounts will always be in in \$5 increments.
- Calculated Scheduled Pell amounts must be rounded to the nearest \$5.
- Scheduled Pell cannot exceed COA. If Scheduled Pell $>$ COA, award Scheduled Pell = COA and truncate cents, if applicable. Do not round.
- If Calculated Scheduled Pell $<$ Published Min Pell, the student is not eligible for a Calculated Scheduled Pell. However, they may be eligible for a Min Pell based on AGI, household size, and poverty thresholds.

Pell Grant Summary



Examples

Max Pell?
Min Pell?
Y/N

- Dependent student, 4 in the family, parents are married, earns \$48,000 AGI, lives in MD.

Max Pell?
Min Pell?
Y/N

- Same student, but \$70,000 AGI

Max Pell?
Min Pell?
Y/N

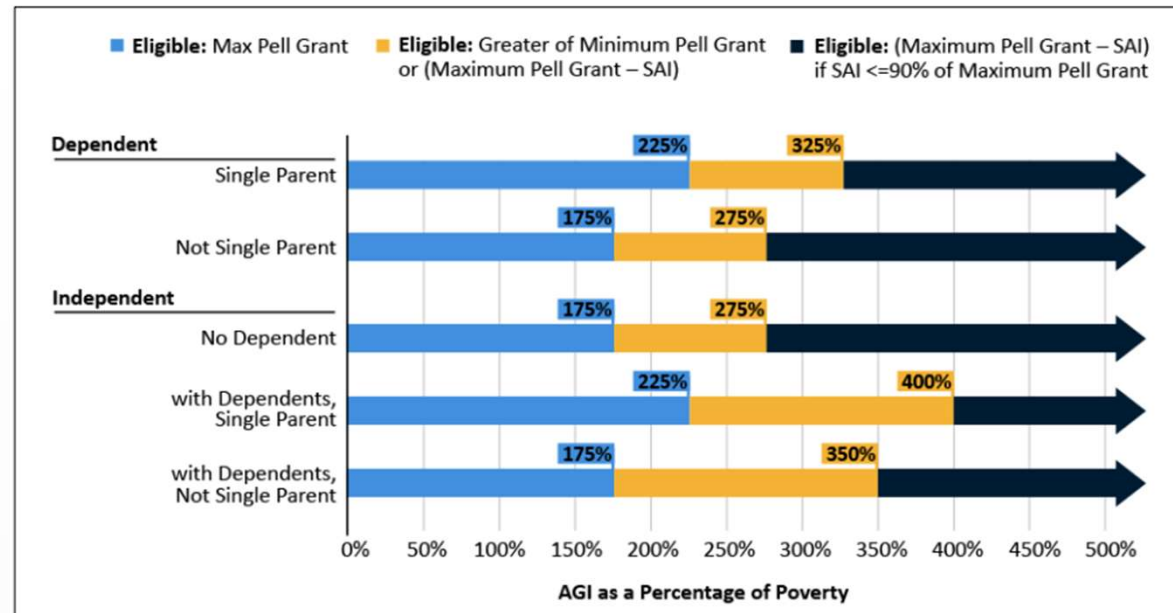
- Independent, 1 in family, earns \$40,000 AGI, lives in FL

Max Pell?
Min Pell?
Y/N

- Independent, no spouse, 3 in family, \$50,000 AGI, FL

Max Pell?
Min Pell?
Y/N

- Same student but \$90,000 AGI



Choose Year
Choose State

2022
48 Contiguous States

Household/ Family Size	Per Year						
	100%	175%	225%	275%	325%	350%	400%
1	\$13,590	\$23,783	\$30,577	\$37,372	\$44,167	\$47,565	\$54,360
2	\$18,310	\$32,043	\$41,197	\$50,352	\$59,507	\$64,085	\$73,240
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8	\$46,630	\$81,603	\$104,918	\$128,232	\$151,547	\$163,205	\$186,520
Add for each additional person	\$4,720	\$8,260	\$10,620	\$12,980	\$15,340	\$16,520	\$18,880

Other Pell Considerations

- If a student is eligible for maximum Pell Grant and has (or whose parents have) foreign income not reflected in AGI, a financial aid professional must review the FAFSA and determine if the AGI should be increased
- The Pell Grant amount will be prorated based on specific enrollment intensity
- Act eliminated the requirement for a student to be enrolled half time to receive more than one full scheduled award during award year (year-round Pell)
- Pell Grant cannot exceed COA. If scheduled Pell > COA, award scheduled Pell = COA.

Pell Enrollment Intensity

Credit Hours	Enrollment Category (Old)	Enrollment Intensity (New)
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%



- Once you have the Pell amount awarded (whether minimum, maximum, or calculated Pell), you then need to allocate for enrollment intensity.
- This is a calculation by credit (no more 3/4, 1/2 or less than half)..
- Examples (semester award is \$3,200)
 - 11 credits = $3200 \times 92\% = \$2,944$
 - 9 credits = $3200 \times 75\% = \$2,400$
 - 8 credits = $3200 \times 67\% = \$2,144$
 - 1 credit = $3200 \times 8\% = \$256$
- Minimum Pell award could be \$29 for a semester ($\$740 \times 8\%$ divided by 2 [1 semester]).



Special Pell Considerations – IASG & CFH

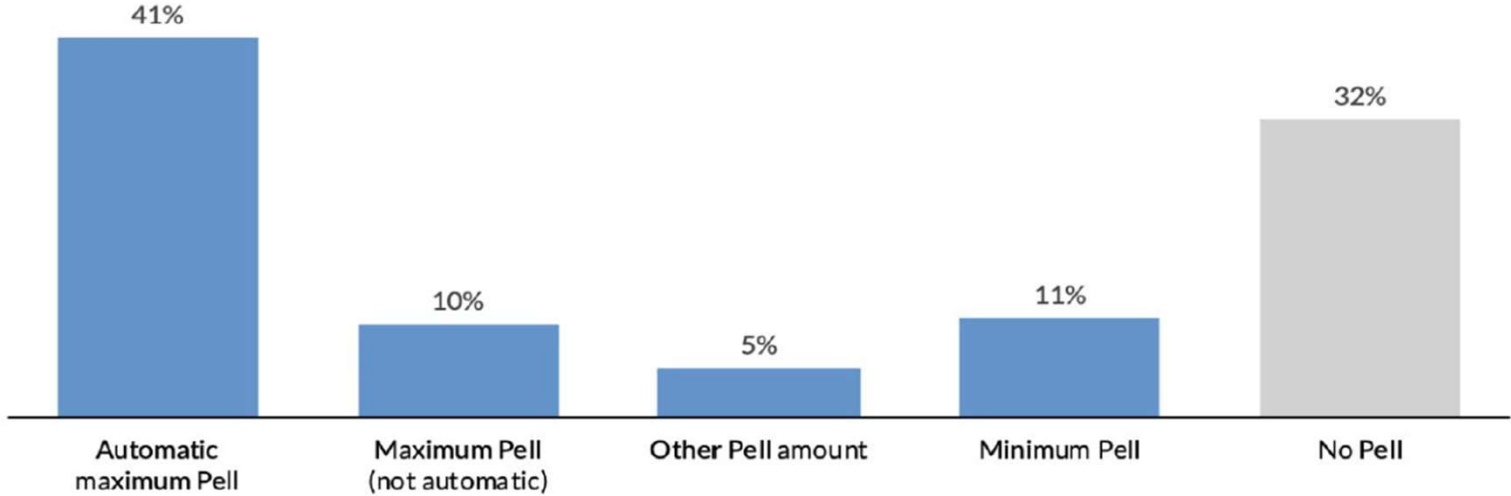
- There are eligibility changes to the Iraq and Afghanistan Service Grant (IASG) and Children of Fallen Heroes Award (CFH).
- All students who meet these new eligibility criteria will be awarded a Max Pell, regardless of calculated SAI.
- There will no longer be a separate funded "Iraq and Afghanistan Service Grant" program, although schools will still use "IASG" and "CFH" indicators in FSA systems when a student meets those conditions for a Max Pell.
- The remainder of the student's aid package should be based on the calculated SAI.

How does Pell Change for students?

How Students' Pell Grant Eligibility Will Be Determined

Most students who receive Pell will obtain the grant through automatic eligibility

Share of students who applied for federal financial aid



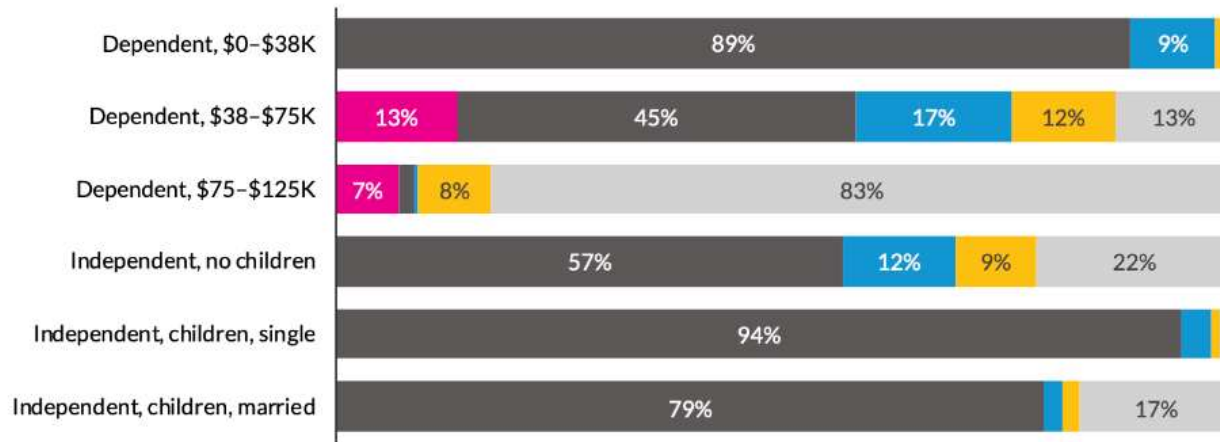
Source: Urban Institute analysis of 2016 National Postsecondary Student Aid Study data.

Who gets “hurt” and who gets “helped”

Projected Changes to Pell Distribution

Implementing new maximum and minimum Pell rules and sibling adjustment

- Reduce award by more than \$500
- Within \$500
- Increase award by more than \$500
- New Pell award
- No Pell award (before or after changes)



Share of students who applied for federal financial aid

Source: Urban Institute analysis of 2016 National Postsecondary Student Aid Study data.



Case Studies – Pell & SAI

Max Pell Example

Student A

- SAI: - 1500
- COA: \$38,000
- Pell Eligible: Yes
- Max Pell: Yes
- Is COA > Max Pell: Yes
- Schedule Pell = Max Pell (\$7,850)



Max Pell Example

Student B

- SAI: 0
- COA: \$7,354.50
- Pell Eligible: Yes
- Max Pell: Yes
- Is COA > Max Pell: No
- Schedule Pell = COA > \$7,354



Min Pell Example

Student C

- SAI: 7,100
- COA: \$1,200
- Pell Eligible: Yes
- Max Pell: No
- Min Pell: Yes
- Is COA > Min Pell: Yes
- Schedule Pell = Min Pell \$785



Min Pell Example

Student E

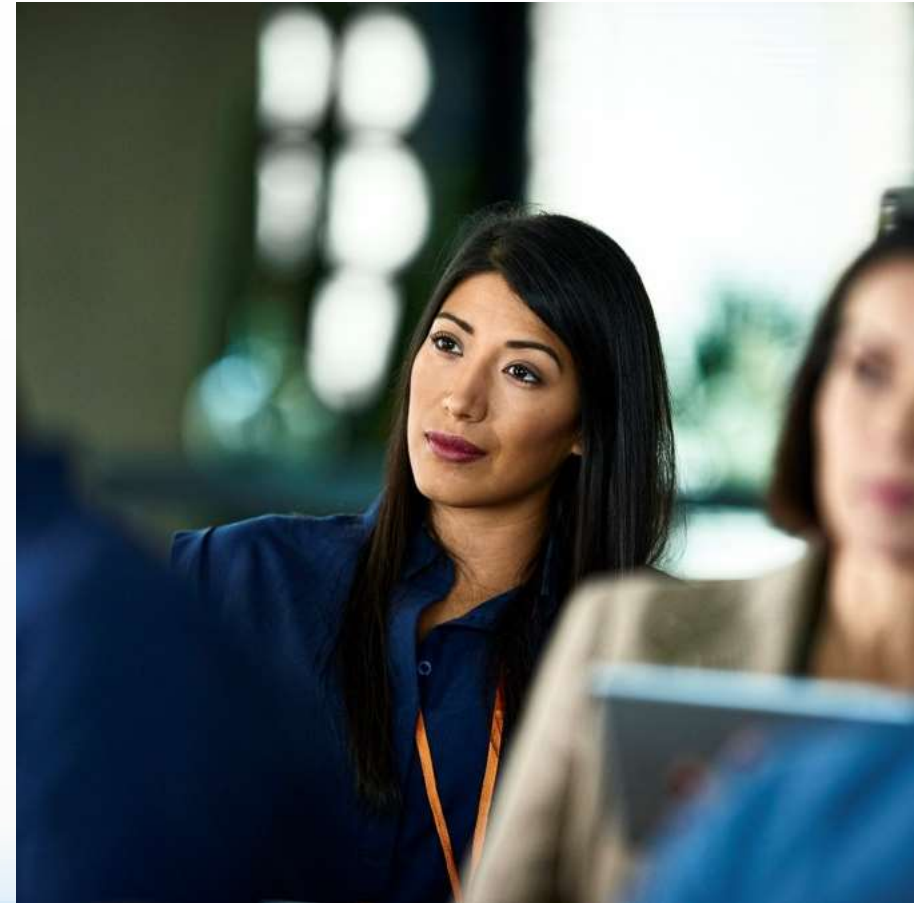
- SAI: 8,000
- COA: \$15,000
- Pell Eligible: Yes
- Max Pell: No
- Min Pell: Yes
- Is COA > Min Pell: Yes
- Schedule Pell = Min Pell \$785



Calculated Pell Example

Student E

- SAI: 1,002
- COA: \$10,000
- Pell Eligible: Yes
- Max Pell: No
- Min Pell: No
- Calculated Pell = $\$7,850 - 1,002$
= $\$6,848$ > Round to $\$6,850$
- Is COA > Calculated Pell: Yes
- Schedule Pell = $\$6,850$



Calculated Pell Example

Student F

- SAI: 237
- COA: \$7,000
- Pell Eligible: Yes
- Max Pell: No
- Min Pell: No
- Calculated Pell = $\$7,850 - 237$
= $\$7,613$ > Round to $\$7,615$
- Is COA > Calculated Pell: No
- Schedule Pell = COA > \$7,000)





FAFSA SIMPLIFICATION CASE STUDIES

Example 2: Applicant Loses Pell Grant Eligibility Due to Change in Treatment of Multiple Family Members in College

Brooklyn is a dependent student. Brooklyn's parents have four children, three of whom are enrolled in college. Brooklyn's parents earn \$110,500 and have \$104,000 in investments.

	EFC formula	SAI formula
Applicant Dependency status		Dependent
Parent marital status		Married
Parent Household/Family Size/# in College	6 in household 3 in college	6 in household # in college n/a
Parent Total Income		\$110,500
Parent Assets		\$104,000
Student Total Income		\$3,700
Student Assets		\$400
EFC/SAI: calculated	5,600	18,400
Pell Grant	\$695	\$0

Brooklyn's SAI is about three times the EFC. This is primarily due to the elimination of consideration for multiple family members enrolled in college by splitting the EFC by the number enrolled. The full SAI will now apply to each family member enrolled in college.



FAFSA SIMPLIFICATION CASE STUDIES

Example 4: Applicant Gains Pell Grant Eligibility Due to Pell Grant Eligibility Criteria Changes (Automatic Maximum Pell Grant)

Cole is a dependent student of a single parent. Their parent earns \$27,000, has no assets, and no other children. Cole earns \$196,000 and has \$6,000 in savings.

	EFC formula	SAI formula
Applicant Dependency status		Dependent
Parent marital status		Unmarried
Parent Household/Family Size/# in College		2 in household/1 in college
Parent Total Income		\$27,000
Parent Assets		\$0
Student Total Income		\$196,000
Student Assets		\$6,000
EFC/SAI: calculated	61,000	0
Pell Grant	\$0	\$6,345

Cole will go from having no Pell Grant eligibility and an EFC that is high enough to likely prevent eligibility for need-based assistance, to receiving the maximum Pell Grant and an SAI of 0.

This large shift in eligibility is due to changes to the Pell Grant eligibility criteria. Currently, the Pell Grant is based exclusively on the EFC, and the EFC is made up of a parent contribution and a student contribution, unless the student qualifies for an automatic zero EFC. The parent's income is low enough to qualify for SNT, but not to qualify for an automatic zero EFC. The student's high earnings lead to a high student contribution which contributes significantly to the high EFC.



Example 3: Applicant Gains Pell Grant Eligibility Due to FM Formula Changes

Addison is a dependent student with married parents who have four children. Addison is the only child in college. Addison's parents earn \$73,500 and have \$13,200 in assets. Addison does not work, but has \$3,300 in assets.

	EFC formula	SAI formula
Applicant Dependency status		Dependent
Parent marital status		Married
Parent Household/Family Size/# in College		6 in household/1 in college
Parent Total Income		\$73,500
Parent Assets		\$13,200
Student Total Income		\$0
Student Assets		\$3,300
EFC/SAI: calculated	6,750	240
Pell Grant	\$0	\$6,095

Addison goes from receiving no Pell Grant under current eligibility rules to receiving close to the maximum Pell Grant under the new eligibility rules.



FAFSA SIMPLIFICATION CASE STUDIES

UPDATED FEBRUARY 2023

Example 6: Impact of Small Business or Family Farm on SAI

Cameron is a dependent student with married parents and two siblings at home.

	EFC formula
Applicant Dependency status	Dependent
Parent marital status	Married
Parent Household/Family Size/# in College	5 in household/1 in college
Parent non-business/farm assets	\$0
Student Total Income	\$10,000
Student Assets	\$0

These are examples of how the inclusion of small businesses and family farms will impact SAIs at different income and business/farm net worth values.

Parent AGI	Business/Farm Net Worth	EFC	SAI
\$61,000	\$50,000	1975	-1500
	\$200,000		2870
	\$500,000		8350
\$150,000	\$50,000	28,000	27,000
	\$200,000		31,000
	\$500,000		40,000

As you can see in the table above, under the current FM formula there is no change to the EFC when the small business/family farm net worth changes because those values are not considered at all in determining the EFC. However, the SAI does change depending on the value of the small business or family farm because small businesses and family farms are no longer exempt from consideration in the new FM formula.

The business/farm assessment tables are still part of the new FM formula, so the values of small businesses and family farms will continue to be assessed at a graduated rate.

Also, in this example, if this family's income were below \$80,905 (FPG= \$29,420 x 275%= \$80,905) the student would qualify for an automatic minimum Pell grant regardless of the net worth of the business or farm because the automatic minimum Pell grant is based only on income and household size.

Beyond the Calculation

- Are any institutional funds tied to the Pell Grant?
- How will SAI changes and impacts on Pell eligibility affect overall revenue and spending?
- If changes need to be made to aid strategies, how do we prevent harming students?
- What about students who were Pell-eligible by EFC but are not by SAI?
- Will Campus-Based awarding strategies need to change?



Thank You!

Presented by Molly Walsh, Director of Financial Aid

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