

Min, Max, Mode and Mean! Welcome to Pell 101 (or is it Algebra 101)?

Daniel T. Barkowitz, University of Miami



Our agenda

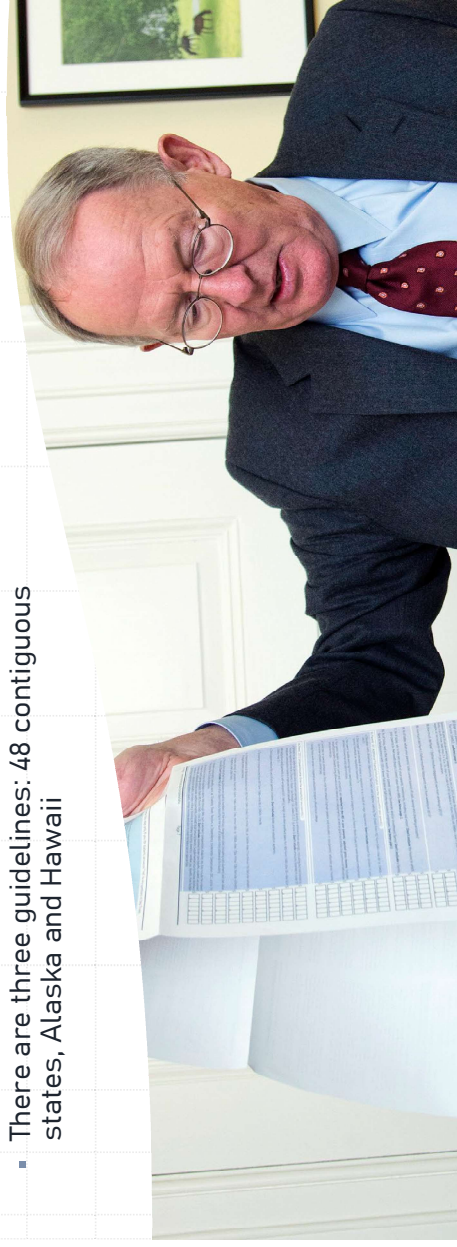
- Calculating Pell
 - Max
 - Min
 - SAI
- Calculating SAI
- Calculating the chances of my getting out of here alive!
- Case studies

Pell – A tale of three-ish steps

- First, calculate maximum Pell using AGI and multiplier
 - Second, calculate minimum Pell using AGI and multiplier
 - Third, calculate actual Pell using SAI and maximum Pell value (no more Pell charts)
- 

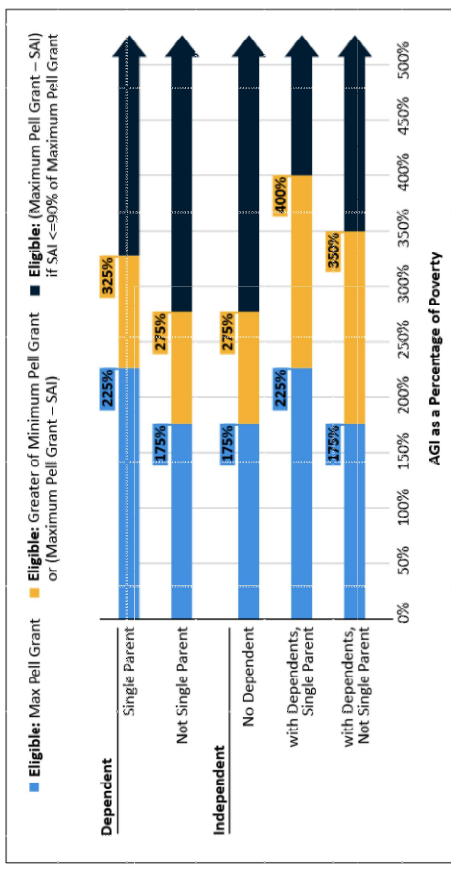
- Remember FAFSA on a postcard?
- The idea was a lookup table to determine your federal aid based on just family size and income (AGI)
- Was it too simple? Well, here we are...
- Here's where we are!
- Need to start with annual Poverty Guidelines for the tax year being used with the FAFSA (for 2024-25, these would be the 2022 Federal Poverty Guidelines)
- There are three guidelines: 48 contiguous states, Alaska and Hawaii

Poverty Guidelines and why they matter



What kind of family do you have?

Figure 1. Pell Grant Thresholds for Award Amounts Under the FAFSA Simplification Act, by Dependency and Marital Status
(AGI as a percentage of federal poverty guidelines)



Source: HEA §401 (b), as amended by the FSA.

Notes: AGI is adjusted gross income. SAI is Student Aid Index. Pell Grant award cannot exceed cost of attendance (COA). Adjusted gross income thresholds, as a percentage of poverty, are established by the FSA amendments. Upper thresholds are inclusive of the lower category. For example, a dependent student who has a single parent who has an AGI that is 225% of poverty may qualify for the maximum Pell Grant award.

What are the guidelines?

2022
48 Contiguous States

Household/ Family Size	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

Per Year

2022
Alaska

Household/ Family Size	100%	175%	225%	275%	325%	350%	400%
1	\$16,990	\$29,733	\$38,277	\$46,722	\$55,217	\$58,485	\$67,960
2	\$22,790	\$39,183	\$50,327	\$61,472	\$72,567	\$76,845	\$89,160
3	\$28,590	\$48,633	\$62,477	\$76,622	\$90,717	\$95,985	\$111,360
4	\$34,390	\$58,083	\$76,052	\$92,297	\$108,397	\$114,745	\$133,760
5	\$40,190	\$67,533	\$89,227	\$108,472	\$126,497	\$133,815	\$155,280
6	\$45,990	\$76,983	\$102,272	\$124,347	\$144,602	\$152,920	\$176,760
7	\$51,790	\$86,433	\$116,107	\$140,212	\$160,317	\$169,635	\$195,840
8	\$57,590	\$95,883	\$130,942	\$156,072	\$176,787	\$187,005	\$214,960
Add for each additional person	\$5,790	\$10,330	\$13,190	\$16,050	\$18,910	\$20,430	\$23,290



<https://fsapartners.ed.gov/sites/default/files/2023-05/2022425DRAFTSAIGuideSupplementEligibilityforMaxorMinPellGrantResource.pdf>
Federal publication of this information can be found here.

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

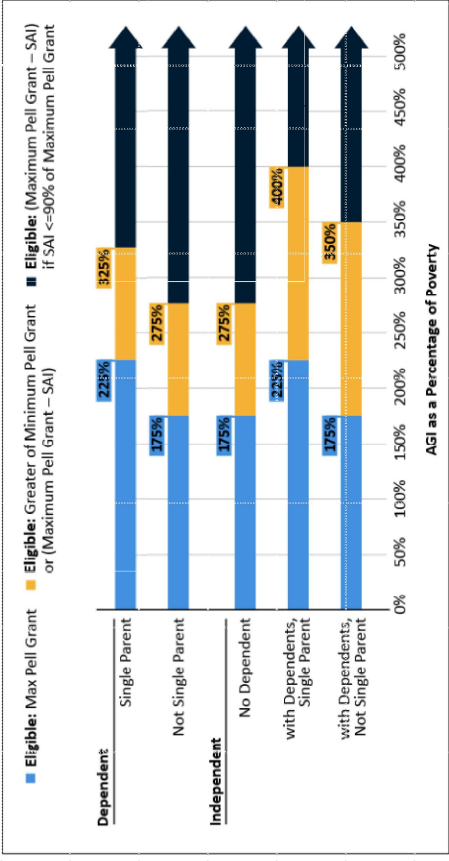
- Independent, 1 in family, earns \$40,000 AGI, lives in FL

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 **2022**
Choose State **48 Contiguous States**

Household/ Family Size	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

But what about the SAI??

- To calculate the Pell, there is NO MORE PELL CHART (starting in 2024-25)
- Instead, you need to know the maximum Pell amount (let's say \$7,395).
- Then you need to know the 90% value of the maximum Pell (for \$7,395 it would be \$6,655).
- If the SAI is higher than 90% of the maximum 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 or \$4,385
 - Example 5: SAI is \$0. Pell is \$7,395 - 0 or \$7,395
 - Example 6: 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.



What about Part-Time Pell?

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]).
- Good news – no longer minimum half-time enrollment for third term of Pell in one academic year



But we still haven't even talked about SAI... My head hurts!



- What stays the same from EFC formula to SAI formula
 - Still three versions: Dependent Students, Independent Students w/o dependents, Independent students w/dependents
 - Still have income and assets
 - Still have Parent Contribution (PC) and Student Contribution (SC)
 - Still have worksheets and tables
- What changes
 - EVERYTHING ELSE! (lol)

Formula A: Dependent Students

2024-2025 DRAFT Pell Eligibility and SAI Guide

Formula A – Dependent Students

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

Note: SAI can be negative; if negative and less than -1,500 replace value with -1,500

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 Distribution	+
e. Parents' Untaxed Portions of Pensions	+
f. Parents' Foreign Income Exclusion (reported on U.S. Tax Return)	+
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' Rollover	+
j. Parents' Federal Work-study (FWS)	+
2. Total Parent Income Offsets (sum of lines g, h, i, and j)	=
3. Total Parent Income (line 1 minus line 2)	=
• Total Parent Income Additions – Total Parent Income Offsets	
• May be a negative number	

Mississig

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) (if less than zero, put zero)	+
b. Old-age, survivors, & disability insurance (OASDI) Tax Rate (Table A1: Step 2) (if less than zero, put zero)	+
6. Income Protection Allowance (Table A2)	
• Use the calculated Family Size and calculated Total Parent Income (line 3) to determine the IPA	
7. Employment Expense Allowance (EEA)	
The lesser of:	
• 35% of parents' combined earned income, OR	
• \$4,000.	
8. Total Parent Allowances Against Income (sum lines 4, 5a, 5b, 6, and 7)	+
Parents' Available Income (PAI)	=
Total Parent Income (line 3)	
Total Parent Allowances Against Income (line 8)	-
9. Parent Available Income (line 3 minus line 8)	=
• May be a negative number	

Mississig

Table A2. Income Protection Allowance

Family Size (including student)	Income Protection Allowance Amount
2	\$23,330
3	\$29,040
4	\$35,870
5	\$42,320
6	\$49,500

Note: For each additional household member, add \$5,590.

Supplementary Tables for Formula A – Dependent Students

Table A1. Payroll Tax Allowance	The Rate
Step 1: Medicare's Hospital Insurance (HI) Program Tax Rate	If Parent filed as Not Married (e.g., single, head of household, or qualifying widow(er)):
	• 1.45% of parent earned income up to \$200,000, (+) plus
	• 2.35% of parent earned income over \$200,000
	If Parent filed as Married-Filed Joint Return (MFJ):
	• 1.45% of parents' combined earned income up to \$250,000, (+) plus
	• 2.35% of parents' combined earned income over \$250,000
	If Parent filed as Married-Filed Separate Return (MFS):
	• 1.45% of parent earned income up to \$125,000, (+) plus
	• 1.45% of parent spouse's earned income up to \$125,000, (+) plus
	• 2.35% of parent earned income over \$125,000 (+) plus
	• 2.35% of parent spouse's earned income over \$125,000
	If Dependent Student:
	• 1.45% of dependent student earned income
Step 2: Old-age, survivors, and disability insurance (OASDI) Tax Rate	If Parent:
	• 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.*
	• 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.*
	If Dependent Student:
	• 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.*

*Social Security's Old-Age, Survivors, and Disability Insurance (OASDI) program limits the amount of earnings subject to taxation for a given year. This 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 2021 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>

Parent Contribution from Assets

10. Cash, savings, checking accounts, time deposits, and money market funds	
11. Net worth of investments	+
• If negative, enter zero	
12. Trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, qualified education benefits	+
13. Child support received	+
14. Net worth of real estate, vacation homes, income producing properties	+
15. Adjusted net worth of business and/or farm (Table A3)	
• Net worth of business and/or farm multiplied by the applicable adjustment in Table A3.	
16. Net worth (sum of lines 10, 11, 12, 13, 14, and 15)	=
17. Asset Protection Allowance (APA) (Table A4)	-
18. Asset Conversion Rate (12%)	x
19. Parent Contribution from Assets (PCA)	0.12
• (Line 16 minus line 17) times line 18	
• If negative, enter zero	
	=

Total Parent Contribution

Parent Adjusted Available Income (PAAI)	
Parents' Available Income (line 9)	
Parents' Contribution from Assets (line 19)	+
20. Parent Adjusted Available Income (PAI plus PCA)	
• May be a negative number	
Parents' Contribution (PC)	=
21. Parents' Contribution (Table A5)	
• Adjust PAAI (line 20) using Table A5.	
	=

Table A4. Asset Protection Allowance (Parents Only)

Age of older parent as of 12/31/2023*	Allowance if there are two parents**	Allowance if there is only one parent	Age of older parent as of 12/31/2023*	Allowance if there are two parents**	Allowance if there is only one parent
25 or less	50	50	46	\$6,300	\$2,400
26	400	100	47	6,500	2,500
27	700	300	48	6,600	2,500
28	1,100	400	49	6,800	2,600
29	1,500	600	50	7,000	2,700
30	1,800	700	51	7,100	2,700
31	2,200	800	52	7,300	2,800
32	2,600	1,000	53	7,500	2,900
33	3,000	1,100	54	7,700	3,000
34	3,300	1,300	55	7,900	3,000
35	3,700	1,400	56	8,100	3,100
36	4,000	1,500	57	8,400	3,100
37	4,400	1,700	58	8,600	3,200
38	4,800	1,800	59	8,800	3,300
39	5,100	2,000	60	9,100	3,400
40	5,500	2,100	61	9,300	3,500
41	5,600	2,200	62	9,600	3,600
42	5,700	2,200	63	9,900	3,700
43	5,900	2,300	64	10,200	3,800
44	6,000	2,300	65 or older	10,500	3,900
45	6,200	2,400			

Table A3. Business/Farm Net Worth Adjustment

If the net worth of a business or farm is _____	Then the adjusted net worth is _____
Less than \$1	\$0
\$1 to \$140,000	40% of net worth of business/farm
\$140,001 to \$415,000	\$56,000 + 50% of net worth over \$140,000
\$415,001 to \$695,500	\$193,500 + 60% of net worth over \$415,000
\$695,001 or more	\$361,500 + 100% of net worth over \$695,000

Table A5. Parents' Contribution from Adjusted Available Income

If the parents' AAI is _____	Then the parents' contribution from AAI is _____
Less than -\$6,820	-\$1,500
-\$6,820 to \$17,400	22% of AAI
\$17,401 to \$21,800	\$3,828 + 25% of AAI over \$17,400
\$21,801 to \$26,200	\$4,928 + 29% of AAI over \$21,800
\$26,201 to \$30,700	\$6,204 + 34% of AAI over \$26,200
\$30,701 to \$35,100	\$7,734 + 40% of AAI over \$30,700
\$35,101 or more	\$9,494 + 47% of AAI over \$35,100

Dependent Student Contribution

Student Contribution from Income

Student Income Additions	
a. Student AGI	
b. Student Deductible Payments to IRS/KEOGH/Other	+
c. Student Exempt Interest Income	+
d. Student Untaxed Portions of IRA Distribution	+
e. Student Untaxed Portions of Pensions	+
f. Student Foreign Income Exclusion (reported on U.S. Tax Return)	+
22. Total Student Income Additions (sum of lines a, b, c, d, e, and f)	=
Student Income Offsets	
g. Student College Grant and Scholarship Aid	
h. Student Education Credits	+
i. Student Rollover	+
j. Student Federal Work-study (FWS)	+
23. Total Student Income Offsets (sum lines g, h, i, and j)	=
24. Total Student Income (line 22 minus line 23)	
• Total Student Income Additions – Total Student Income Offsets	
• May be a negative number	

Allowances Against Student Income		
25. Student U.S. Income Tax Paid or Foreign Equivalent		
26. Payroll Tax Allowance (Table A1)		
a. Medicare's Hospital Insurance (HI) Program Tax Rate (Table A1- Step 1; if negative, enter zero)	+	9,410
b. Old-age, survivors, & disability insurance (OASDI) Tax Rate (Table A1- Step 2; if negative, enter zero)	+	
27. Income Protection Allowance		
28. Allowance for parents' negative adjusted available income		
a. if line 20 is negative, enter line 20 as a positive number.	+	
b. if line 20 is zero or positive, enter zero.	=	
29. Total Student Allowances Against Income (sum lines 25, 26a, 26b, 27, and 28)		
Student's Contribution from Income		
Total Student Income (line 24)		
Total Student Allowances Against Income (line 29)	-	
30. Student Available Income (line 24 minus line 29)	=	
• May be a negative number	X	0.50
31. Assessment of Student Available Income (50%)		
32. Student's Contribution from Income (line 30 times line 31)		
• if negative and < -1,500, adjust to -1,500 (e.g., if -2,000 set to -1,500)		
• if negative and >= -1,500, do not adjust (e.g., if -1,000 leave as -1,000)		

Student Contribution from Assets

33. Cash, savings, checking accounts, time deposits, and money market funds		
34. Net worth of investments	+	
• if negative, enter zero		
35. Trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, qualified education benefits	+	
36. Net worth of real estate, vacation homes, income producing properties	+	
37. Adjusted net worth of business and/or farm (Table A3)		
• Net worth of business and/or farm multiplied by the applicable adjustment in Table A3.	+	
38. Net worth (sum of lines 33, 34, 35, 36, and 37)	=	
39. Asset Conversion Rate (20%)	X	0.20
40. Student Contribution from Assets (SCA)		
• Line 38 times line 39		
• if negative, enter zero		

Student Aid Index (SAI)

Parents' Contribution (line 21)		
Student's Contribution from Income (line 32)	+	
Student's Contribution from Assets (line 40)	+	
41. Student Aid Index (sum of lines 21, 32, and 40)	=	
• if negative and < -1,500, adjust to -1,500 (e.g., if -2,000 set to -1,500)		
• if negative and >= -1,500, do not adjust (e.g., if -1,000 leave as -1,000)		

Table A1. Payroll Tax Allowance

<p>Tax Rate Program</p> <p>Step 1: Medicare's Hospital Insurance (HI) Program Tax Rate</p> <p>The Rate</p> <p>If STATUS (e.g., single, head of household, or qualifying widow(er)):</p> <ul style="list-style-type: none"> 1.45% of parent earned income up to \$200,000, (+) plus 2.35% of parent earned income over \$200,000 <p>If Parent (filed as Married-Filed Joint Return (MFJ)):</p> <ul style="list-style-type: none"> 1.45% of parents' combined earned income up to \$250,000, (+) plus 2.35% of parents' combined earned income over \$250,000 <p>If Parent filed as Married-Filed Separate Return (MFS):</p> <ul style="list-style-type: none"> 1.45% of parent spouse's earned income up to \$125,000, (+) plus 2.35% of parent spouse's earned income over \$125,000 (+) plus 2.35% of parent spouse's earned income over \$125,000 <p>If Dependent Student:</p> <ul style="list-style-type: none"> 1.45% of dependent student earned income 	<p>Step 2: Old-age, survivors, and disability insurance (OASDI) Tax Rate</p> <p>If Parent:</p> <ul style="list-style-type: none"> 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.* 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.* <p>If Dependent Student:</p> <ul style="list-style-type: none"> 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.*
--	---

*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 2021 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/obrb.html>

Table A3. Business/Farm Net Worth Adjustment

If the net worth of a business or farm is _____	Then the adjusted net worth is _____
Less than \$1	\$0
\$1 to \$140,000	40% of net worth of business/farm
\$140,001 to \$415,000	\$56,000 + 50% of net worth over \$140,000
\$415,001 to \$695,500	\$191,500 + 60% of net worth over \$415,000
\$695,001 or more	\$361,500 + 100% of net worth over \$695,000

Who gets an automatic \$-1500 SAI?

If non-tax filer, automatic \$-1500 SAI.

- 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)

Certain children of deceased veterans and public safety officers qualify for maximum Pell

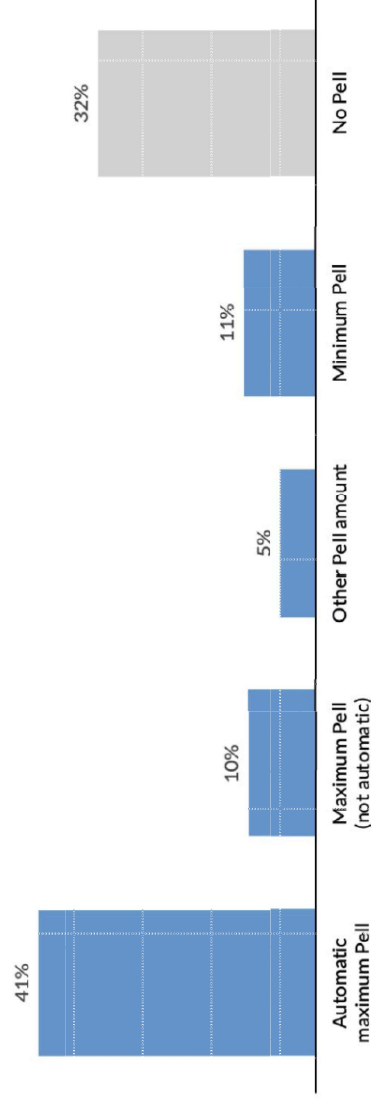
- Students under age 33 with parent who died serving in Armed Forces after September 11, 2001
- Students under age 33 with parent who died in the line of duty as a public safety officer

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

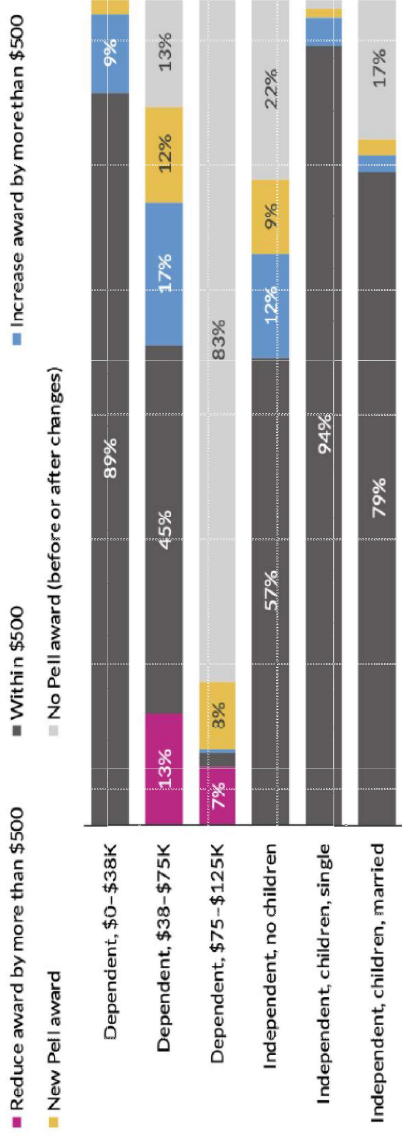


Source: Urban Institute analysis of 2016 National Postsecondary Student Aid Study data.

Who gets “hurt” and who gets “helped”

Projected Changes to Pell Distribution

Implementing new maximum and minimum Pell rules and sibling adjustment



Share of students who applied for federal financial aid

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

URBAN INSTITUTE

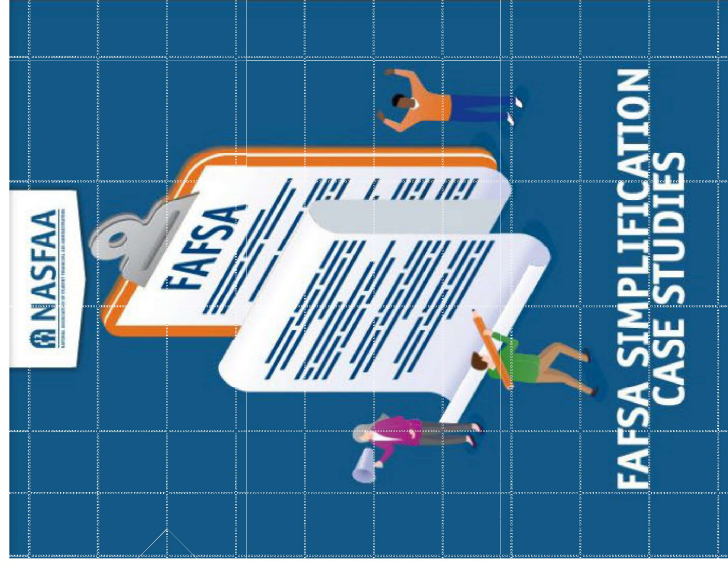
Institutional example: UNC Chapel Hill

Current Annual Gift Aid Eligibility (Grants and Scholarships)	Current Gift Less Pell and State	New Formula Gift Aid Eligibility	New Formula Cost of Attendance (COA)	New Gift Less New Pell and Current State Grants (uncapped)	New Gift Cap at COA less Pell and State Grants	Difference from Current									
\$101,443,912	\$68,425,547	\$127,595,520	\$121,919,958	\$82,828,740	\$77,233,007	\$8,807,461									
Undergraduate Student Aid Recipients															
Estimated Family Contribution (Original) Range															
Student Aid Index (New) Range	\$16,000-\$0	\$15,000-\$0	\$20,000-\$0	\$30,000-\$0	\$40,000-\$0	\$50,000-\$0									
\$15,000-\$0	2	3	3	3	3	3									
\$14,999 to -1	2	3	3	3	3	3									
\$13,000-\$15,000	4	5	5	5	5	5									
\$12,000-\$13,000	4	5	5	5	5	5									
\$11,000-\$12,000	4	5	5	5	5	5									
\$10,000-\$11,000	4	5	5	5	5	5									
\$9,000-\$10,000	4	5	5	5	5	5									
\$8,000-\$9,000	4	5	5	5	5	5									
\$7,000-\$8,000	4	5	5	5	5	5									
\$6,000-\$7,000	4	5	5	5	5	5									
\$5,000-\$6,000	4	5	5	5	5	5									
\$4,000-\$5,000	4	5	5	5	5	5									
\$3,000-\$4,000	4	5	5	5	5	5									
\$2,000-\$3,000	4	5	5	5	5	5									
\$1,000-\$2,000	4	5	5	5	5	5									
\$0-\$1,000	4	5	5	5	5	5									
Grand Total	1700	2112	629	950	580	936	668	427	347	256	215	162	137	900	15,468
Number in Same Range															
(Negative treated as 0)															
(\$0 Lower than EFC (more need))															
(\$0 Higher than EFC (less need))															

University of Miami Projected Pell Growth

	2020-21 (current methodology) full-time scheduled Pell award	Estimated Pell award using SAI	New Pell Methodology 1: Estimated Max Pell, based on tax filing status or AGI groups (\$)	New Pell Methodology 2: Estimated Pell based on Max minus SAI (\$)	New Pell Methodology 3: Estimated Min Pell, based on AGI groups (\$)
\$ total (sum)	\$ 10,952,547.00	\$ 14,753,526.50	\$ 10,411,450.00	\$ 4,261,405.00	\$ 80,671.50
Average received	\$ 5,247.99	\$ 5,840.67			
Median	\$ 6,345.00	\$ 6,895.00			
# of recipients	2087	2526			

Estimated # students elig for Pell (all methods) using new Pell methodology	2526	Estimated # students elig for max Pell based on tax filing status or AGI groups using new Pell methodology	1510	Estimated # students elig for min Pell based on AGI groups using new Pell methodology	899	Estimated # students elig for 2020-21 (current methodology) # students receiving Pell	117	2087
---	------	--	------	---	-----	---	-----	------



Example 1: Minimal Change from EFC to SAI

Alex is a married, independent student with four children. Their combined total income with their spouse is \$92,000 and they have \$145,000 in assets.

Applicant Dependency status	EFC formula	SAI formula
Student marital status	Independent	
Student household/Family Size/# in College	6 in household/1 in college	
Student Total Income	\$92,000	
Student Assets	\$145,000	
EFC/SAI: calculated	5,450	3,675
Pell Grant	\$895	\$2,695

Alex does not qualify for the automatic maximum Pell Grant because their income is not below 175% of the federal poverty guideline (FPG) for a family of six (FPG= \$33,740 x 175%= \$59,045 vs. total income of \$92,000).

Alex's Pell Grant eligibility will instead be determined using the FM formula and the Pell Grant tables, similar to how all Pell Grants are currently determined. Alex does not qualify to have their assets excluded from consideration in the FM formula because their income is above \$60,000.

Alex still, however, has a low enough SAI to qualify for a Pell Grant and, in fact, will receive a higher Pell Grant award under the new FM formula than they would under the current formula. This is primarily due to a higher income protection allowance, which is partially offset by the elimination of the state and other tax allowance.

Note that if Alex's calculated SAI fell outside of Pell Grant eligibility range on the Pell Grant tables, they would still qualify for an automatic minimum Pell Grant based on the new Pell Grant eligibility criteria, because their income falls below 350% of the FPG (\$33,740 x 350%= \$118,090 vs. total income of \$92,000). Their other aid eligibility would be determined based on the calculated SAI.

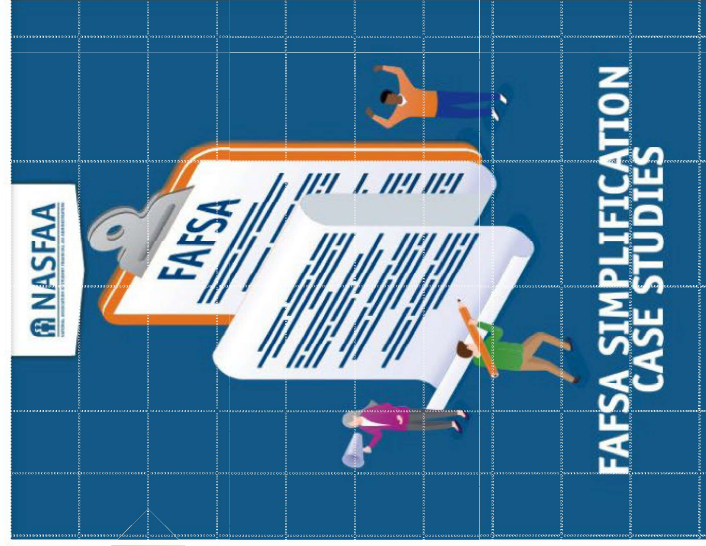


Example 2: Applicant Loses Pell Grant Eligibility Due to Change in Treatment of Multiple Family Members in College

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 \$695	18,400 \$0
Pell Grant		

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.

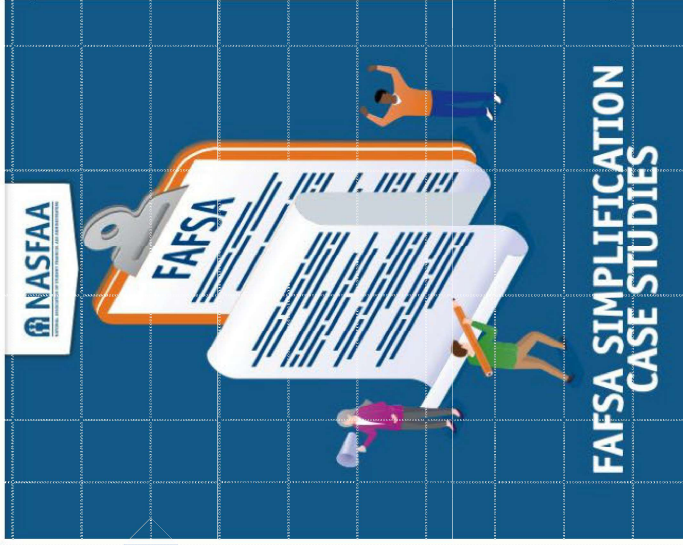


Example 3: Applicant Gains Pell Grant Eligibility Due to FM Formula Changes

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 \$0	240 \$6,095
Pell Grant		

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



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 5: SAI Lower Than EFC Due to Contributions to Tax-Deferred Pensions

Max is a dependent student with married parents and a family size of four. Their parents' combined income is \$95,000 and they contributed \$20,000 in pre-tax income to 401(k) retirement savings accounts. They have \$15,000 in savings. Max earns \$10,000 and has no assets.

	EFC formula	SAI formula
Applicant Dependency status		Dependent
Parent marital status		Married
Parent Household/Family Size/# in College		4 in household/1 in college
Parent Total Income	\$115,000	\$95,000
Parent Assets		\$15,000
Student Total Income		\$10,000
Student Assets		\$0
EFC/SAI: calculated	18,500	9,900
Pell Grant	\$0	\$0

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 1975	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= $\$29,420 \times 275\% = \$80,905$) 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.