

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

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Our agenda

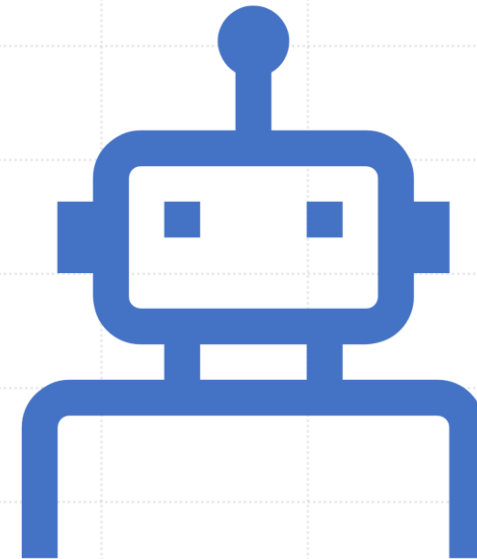
- Calculating Pell
 - Max
 - Min
 - SAI
- Calculating SAI
- Calculating the chances of my getting out of here alive!
- Case studies



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)

- If eligible for max Pell, use it
- If not eligible for max Pell but eligible for calculated Pell, use that
- If not eligible for max or calculated Pell, use min Pell
- If not eligible for anything, sleep!



- 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



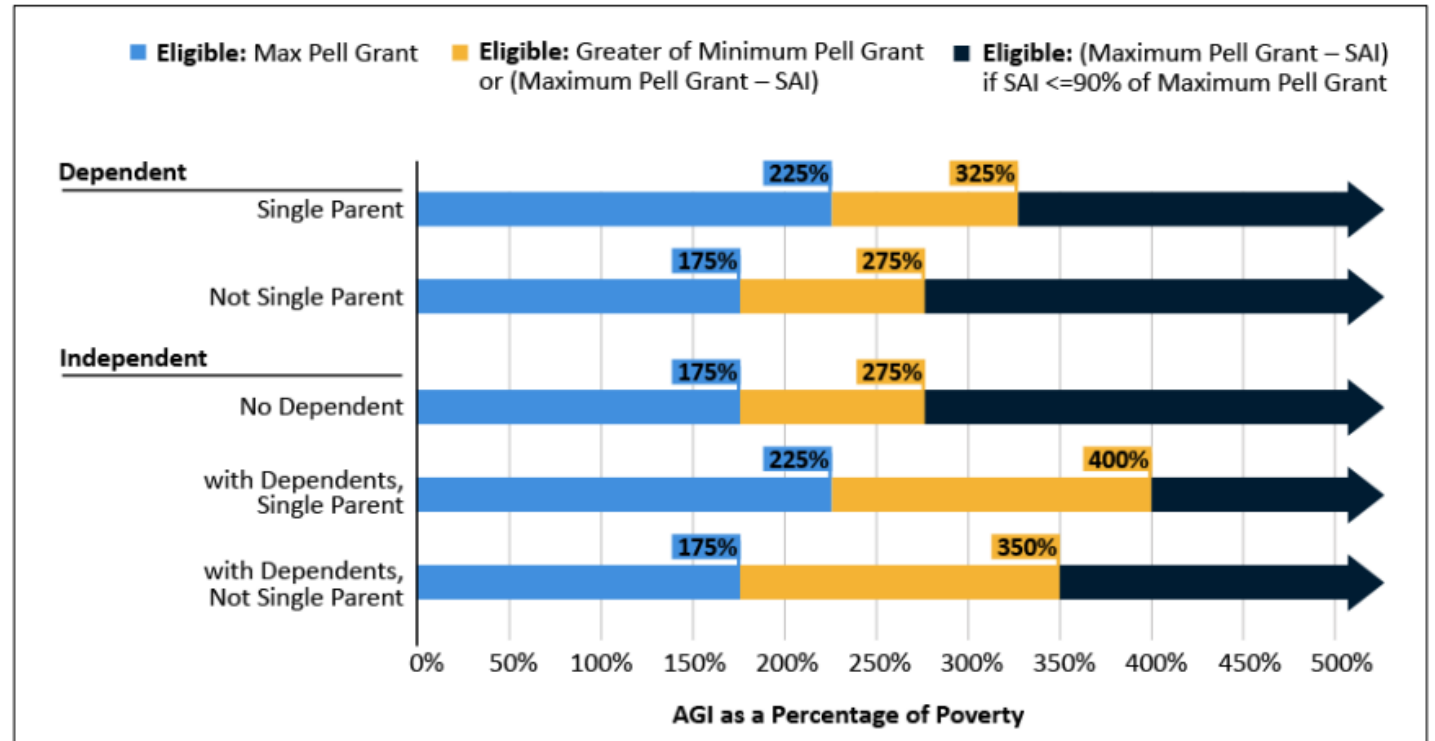
Very first question: How much is Pell?

- Three numbers you need to know:
 1. How much is maximum Pell?
 - Set by Congress, unknown final number for 2024-25
 - Based on [DCL GEN-24-01](#), for now using the same as last year - \$7,395
 2. How much is minimum Pell?
 - Pell minimum is always 10% of maximum Pell rounded to the nearest \$5
 - 10% of \$7,395 is \$739.50 and rounded to the nearest \$5 is \$740
 3. The threshold for *calculated* Pell is no more than 90% of the maximum Pell.
 - 90% of \$7,395 is \$6,655.50
 - Nearest \$5 would be \$6,655



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?



Choose Year: 2022
Choose State: Alaska

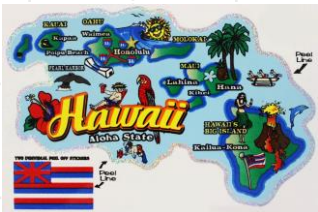
Household/ Family Size	Per Year						
	100%	175%	225%	275%	325%	350%	400%
1	\$16,990	\$29,733	\$38,227	\$46,722	\$55,217	\$59,465	\$67,960
2	\$22,890	\$40,058	\$51,502	\$62,947	\$74,392	\$80,115	\$91,560
3	\$28,790	\$50,383	\$64,777	\$79,172	\$93,567	\$100,765	\$115,160
4	\$34,690	\$60,708	\$78,052	\$95,397	\$112,742	\$121,415	\$138,760
5	\$40,590	\$71,033	\$91,327	\$111,622	\$131,917	\$142,065	\$162,360
6	\$46,490	\$81,358	\$104,603	\$127,847	\$151,092	\$162,715	\$185,960
7	\$52,390	\$91,683	\$119,897	\$148,782	\$177,177	\$189,442	\$217,560
8	\$58,290	\$102,008	\$134,112	\$166,867	\$198,462	\$204,015	\$233,160

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	

Choose Year: 2022
Choose State: Hawaii

Household/ Family Size	Per Year			
	100%	175%	225%	275%
1	\$15,630	\$27,353	\$35,167	\$42,981
2	\$21,060	\$36,855	\$47,385	\$57,567
3	\$26,490	\$46,358	\$59,602	\$72,153
4	\$31,920	\$55,860	\$71,820	\$86,739
5	\$37,350	\$65,363	\$84,037	\$101,323
6	\$42,780	\$74,865	\$96,255	\$115,907
7	\$48,210	\$84,368	\$108,473	\$130,491
8	\$53,640	\$93,870	\$120,690	\$145,075
Add for each additional person	\$4,780	\$8,365	\$10,755	\$13,145



<https://fsapartners.ed.gov/sites/default/files/2023-05/202425DRAFTSAIGuideSupplementEligibilityforMaxorMinPellGrantResource.pdf>
Federal publication of this information can be found here.



Some notes before we dive in

- Income must be greater than 0 to qualify for max 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.

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

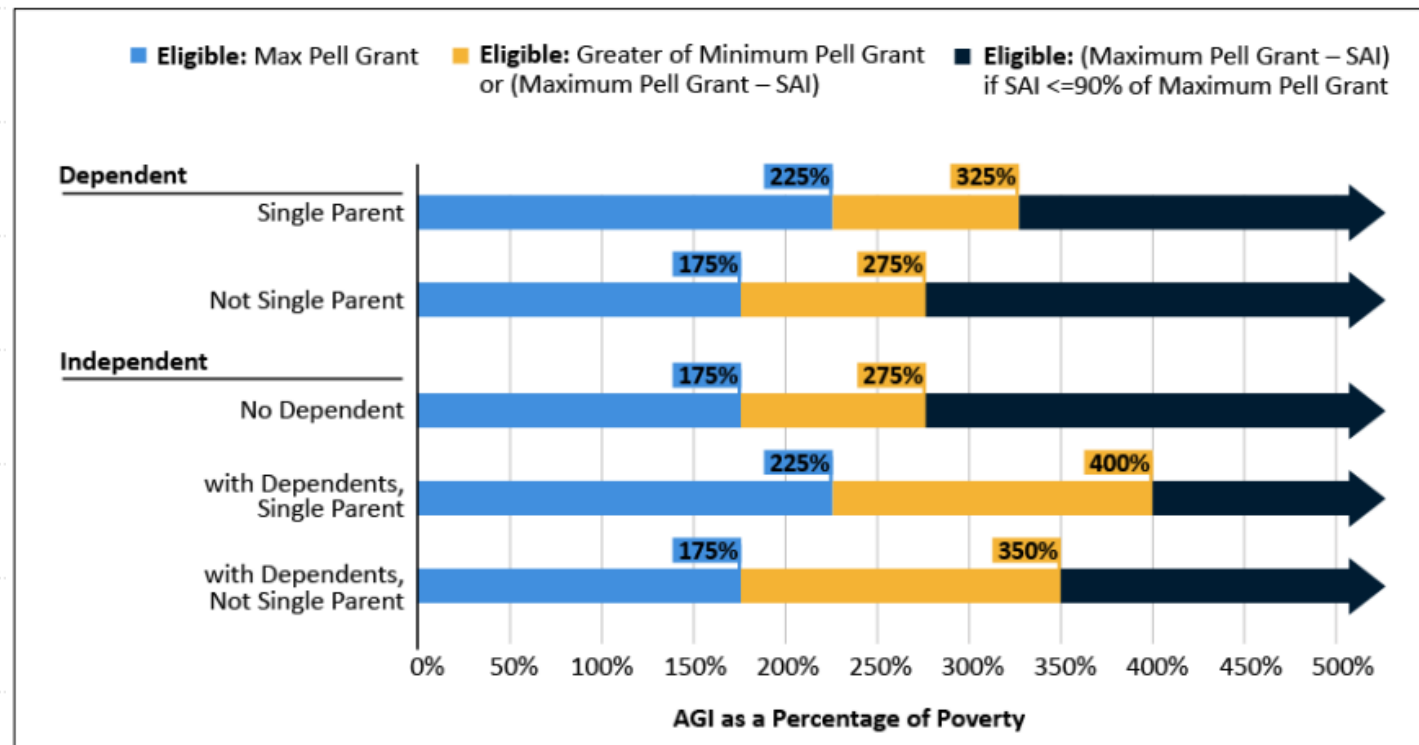
• Independent, 1 in family, earns \$40,000 AGI, lives in FL

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



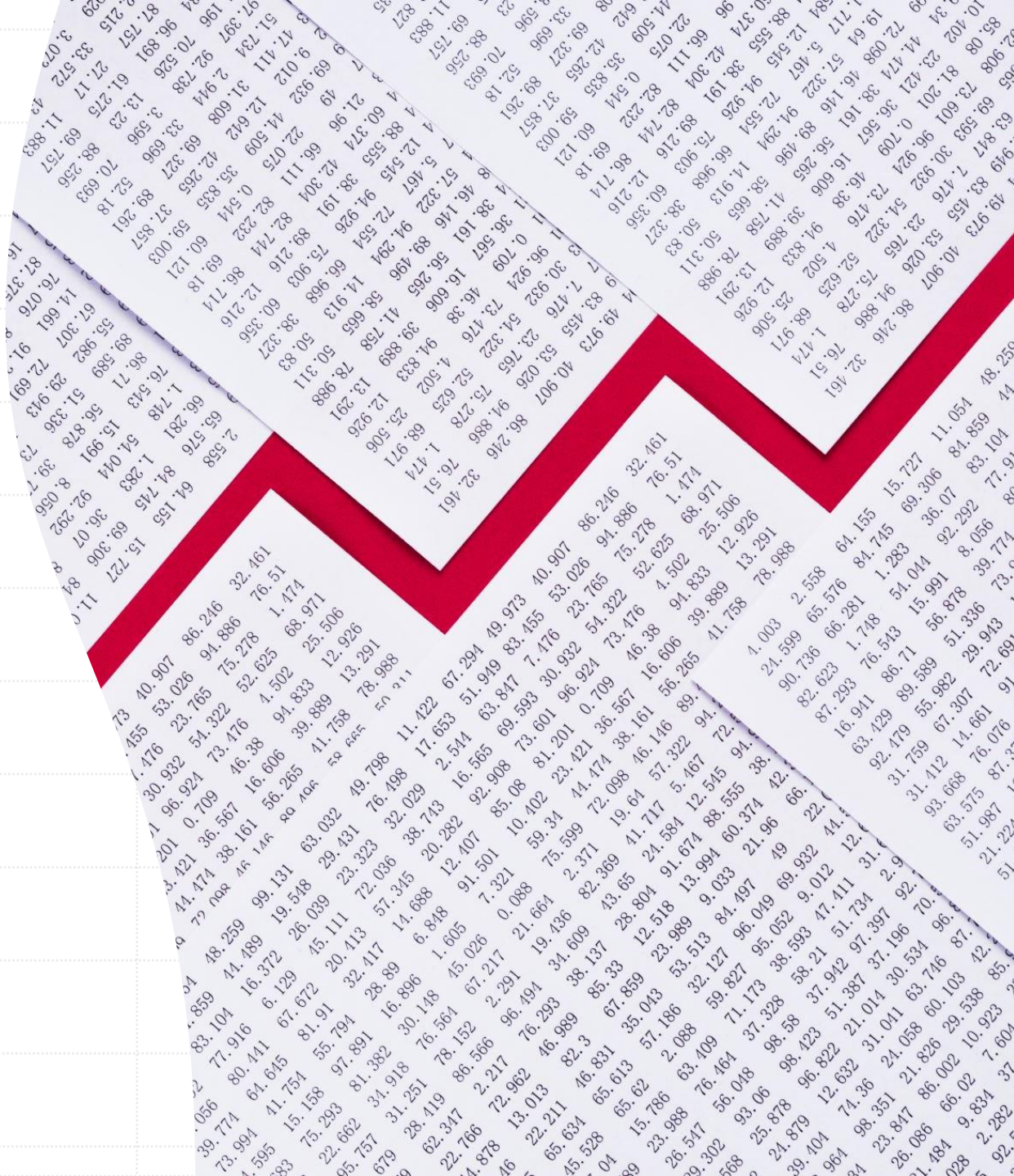
Choose Year
Choose State

2022
48 Contiguous States

Household/ Family Size	Per Year						
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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

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, rounded to \$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%

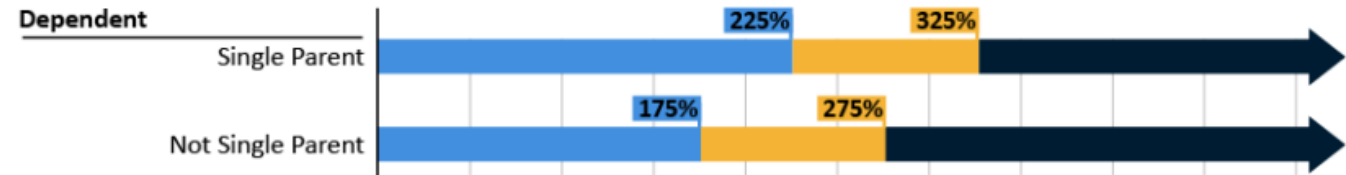


- Once you have the Pell amount awarded (whether minimum, maximum, or calculated Pell), you then need to allocate for enrollment intensity.
- This is a calculation by credit (no more 3/4, 1/2 or less than half).
- Examples (semester award is \$3,200)
 - 11 credits = $3200 \times 92\% = \$2,944$
 - 9 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
- For partial credits (i.e. 7.5), the percentage should be based on the total credits divided by 12 and rounded to the nearest percent ($7.5/12 = .625$ or 63%).

So, let's put it all together!

- Robert lives in IN, dependent undergrad, parent AGI is \$57,000, 4 in the family. Calculated SAI (using the formula) is 1750. He is enrolled 5 credits for Fall, and 8 credits in Spring

- Is he eligible for Max Pell?
- Is he eligible for Calculated Pell?
- Is he eligible for Min Pell?
- What is the Pell Award (full year)?
- What is the Fall Award?
- What is the Spring Award?



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	\$90,180		

Credit Hours	Enrollment Intensity (New)
8	67%
7	58%
6	50%
5	42%

- Answers:
 - Not Eligible for Max Pell, AGI is too high (cap would be \$48,563 for 4 in family)
 - Eligible for Calculated Pell. Maximum Pell of \$7,395 – SAI of 1750 = \$5,645. Already rounded to nearest \$5.
 - Doesn't matter for Min Pell, he already has Max Pell. But, yes, he would qualify (\$76,312 is maximum income)
 - Full year Pell is \$5,645
 - Fall award is 42% of \$5,645 / 2 = \$1,185
 - Spring award is 67% of \$5,645 / 2 = \$1,891

Special Populations

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

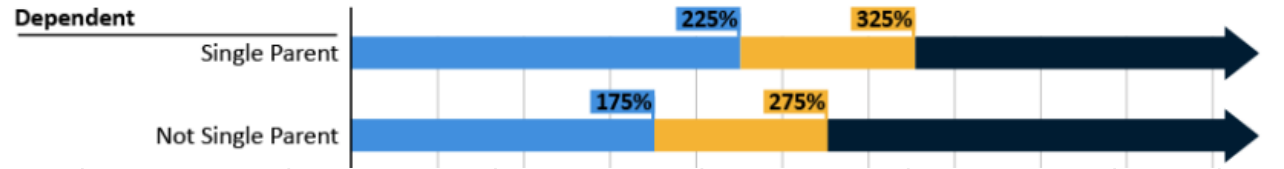
- Independent students who are not required to file taxes
- Dependent students whose parents are not required to file taxes (even if the student themselves do file taxes)

Certain children of deceased veterans and public safety officers qualify for maximum Pell (but use calculated SAI for other aid)

- 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

Some unintended consequences... meet Mr. and Mrs. Pellionnaire

- Family size – 5/2
- Parent AGI – \$77,697
- Residence – FL
- Parents are Married – Filed Jointly
- Do they qualify for minimum Pell?
- But their calculated SAI is \$611,706
- WHAT! \$%@!&^@! Is this a mistake?



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
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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



No! Let's do a deeper dive...

- Parents income is made up of \$67K of interest and dividend income, and \$10.5K business income.
- Parents received untaxed pension distribution of \$57K.
- On CSS Profile, also reported \$29.8K of untax social security and \$87K of other untax income (not counted for SAI).
- Parents reported \$25K Cash and Savings, and \$4.6M of investment. No business value reported. Parents also own home without debt (not part of SAI) at \$1.5M.
- Student has income of \$4,087 – all interest and dividend income. Student reports cash and investments at \$285K plus trust value of \$1.3M.
- Is this a Pell eligible family?
- Under the new Pell rules, yes!



How about another case? Meet Mr. and Mrs. Real Estate

- NJ Residents, Married Couple, 6/2 family size
- Parent AGI is \$99,750 (made up of \$22K in wages and \$77K in business/farm income)
- AGI threshold is \$102,272, family is eligible for minimum Pell
- Calculated SAI is \$80,763
- Family owns 4 properties (other than their primary residence)
- Business is valued at \$100K, total property values of \$1.3M, cash of \$15,000
- Is this family what you think of as Pell eligible? Under the new rules, yes!



How widespread is this? This must be rare, right?

- Well... of the 1,039 awards with Pell we have produced so far at UM:
 - 90 (8.7%) have SAIs greater than 90% of the maximum Pell (\$6,655)
 - 85 (8.2%) have SAIs greater than maximum Pell (\$7,395)
 - 58 (5.6%) have SAIs greater than \$15,000
 - 22 (2.1%) have SAIs greater than \$50,000
 - 16 (1.5%) have SAIs greater than \$75,000
 - 6 (0.6%) have SAIs greater than \$150,000
- Note that these percentages are duplicative (someone with an SAI of \$150,000 would be included in all groups)



Example 3: Single Dad Trying to Make it All Work!

- Single Parent, 2/1, CA resident
- Parent AGI \$54,944 (mostly wages with \$47 interest income)
- AGI threshold for single parent with 2 in family is \$59,507
- Is the family eligible for minimum Pell? Yes (what did you truly expect?). But calculated SAI is \$22,860.
- Dad reports other real estate value at \$750K with debt of \$295K (equity is \$455K), plus cash/savings/other of \$3.6K
- Is this family someone you would think of as Pell eligible?
- Note that the parent rents primary residence and does not own. Grounds for appeal?



Example 4: Do you entrust this student?

- Single mother, 2/1, FL resident
- Parent AGI \$58,276 (all wage), parent income threshold for min Pell is \$59,507
- Student eligible for min Pell, but SAI is \$23,911
- Student owns \$104K in trust and cash
- Student asset is causing the high SAI
- Would you consider moving the asset to the parent name?



Max Pell example: Mr. and Mrs. Tax Beneficiary

- Married parents, FL residents, 5/2
- Parent AGI \$337
- Parent will qualify for max Pell, and SAI will be set to \$0
- From tax return we see Interest income of \$2,881, dividend income of \$31,518, Business income of \$6,616 and Partnership Losses of -\$40,678
- Parent reports Cash/Savings of \$644K, Investment of \$258K, and Business Value of \$56K. (For IM purposes only, their home is valued at \$3.1M with no debt)
- Student has no income, but \$25K in cash/savings
- Is this someone you would expect to have full Pell?



Last One: Mr. & Mrs. Negative AGI

- Married Parents, 3/1, FL Residents
- Parent AGI is -\$4,183
- Since parents have negative AGI, they do not qualify for maximum Pell
- Parent's income: \$126 dividends and interest, -\$4,309 business loss.
- Assets are \$443K investments and cash, and \$23K businesses. (Also own home free and clear - \$400K value)
- SAI is \$2,526. Pell is \$7,395 - SAI of \$2,526 = \$4,869. Round to nearest \$5 or \$4,870.



Top AskRegs for SAI





SAI and Proration

- **Scenario:** We have awarded a student for the entire fall/spring academic year, but the student doesn't return for the spring semester. We canceled the spring budget and spring aid

Do We Have To Prorate the Student Aid Index If the Student Was Packaged For the Full Year But Does Not Return In the Spring?



SAI and Proration

- The student aid index (SAI) is not prorated for periods other than nine months
 - The student aid index (SAI) is not prorated for periods other than nine months in any circumstance
 - Parent and student contribution proration provisions have been removed
 - The full nine-month SAI is used when calculating aid for summer and **any other periods** of enrollment that are less than or greater than nine months
 - Professional Judgment cannot be used to prorate the SAI



SAT and Enrollment Intensity and Pell

Must We Recalculate a Pell Grant If There Is a Change In Student Aid Index Or Enrollment Intensity?



SAT and Enrollment Intensity and Pell

- The [FAFSA Simplification Act](#) does not change the Federal Pell Grant recalculation rules in [34 CFR 690.80](#).
- The institution shall recalculate a Federal Pell Grant award for the entire award year if the student's student aid index changes at any time during the award year.
- If the student's enrollment intensity changes from one academic term to another term within the same award year, the institution shall recalculate the Federal Pell Grant award for the new payment period taking into account any changes in the cost of attendance.



SAT and Enrollment Intensity and Pell

- If the student's projected enrollment intensity changes during a payment period after the student has begun attendance in all classes for that payment period, the institution may (but is not required to) establish a policy under which the student's award for the payment period is recalculated.
 - Any such recalculations must take into account any changes in the cost of attendance.
 - If such a policy is established, it must apply to all students.



SAT and Enrollment Intensity and Pell

- If a student's projected enrollment intensity changes during a payment period before the student begins attendance in all classes for that payment period, the institution shall recalculate the enrollment intensity to reflect only those classes for which the student actually began attendance.
- If the student's COA changes at any time during the award year and the enrollment intensity remains the same, the institution may (but is not required to) establish a policy under which the student's award for the payment period is recalculated.
 - If such a policy is established, it must apply to all students.



SAI and Pell for a Summer Header

If Summer 2024 Is a Header To 2024-25, Must We Use the Student Aid Index To Calculate a Pell Grant?



SAI and Pell for a Summer Header

- **"PEL-Q1:** Our school's academic calendar includes a crossover payment period that begins before July 1, 2024. We treat crossover payment periods as headers. Are we expected to use the new method for calculating Pell Grants for this payment period?
- **PEL-A1:** Yes. Any Pell Grant disbursement for a payment period within the 2024-25 award year must use the new process for calculating the Scheduled Award and disbursement amounts."



SAI and Family Size

Scenario: The school's academic year ends before June 30. The student is pregnant and expecting the child to be born after the school's academic year ends and before June 30 (the end of the award year covered by the FAFSA). The student will provide more than half of the child's support between the time of birth and June 30.

Can an Unborn Child Be In Family Size If the Child Will Be Born After the End Of the School's Academic Year and Before June 30?



SAI and Family Size

- Family size (formerly household size) is now based on federal tax information (FTI) transferred directly from the IRS to the FAFSA via the FUTURE Act Direct Data Exchange (FA-DDX)
- An unborn child cannot be included in family size unless and until the child is born.
- If the addition of the newborn child changes the student's dependency status, then dependency status and family size must be updated under 668.55(a).
- Otherwise, family size can only be updated to include the newborn child if the student is selected for verification by the FAFSA Processing System or the institution.



SAI and Family Size

- With Verification in play, family size must be updated to be correct at the time of verification (unless that update is due to a change in the student's marital status).
 - Even then, that newborn child can only be included if the child could be claimed as a dependent on the contributor's tax return.

Additional Questions?





Thank you!