



The Student Aid Index (SAI) Calculation

March 15, 2024

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The Student Aid Index (SAI)

- The **Student Aid Index (SAI)** has replaced the Expected Family Contribution (EFC).
- The methodology and formula used to calculate the new SAI has been updated.
- The SAI is determined by information provided on the FAFSA.
- A student's **“need”** is determined by subtracting the SAI from the student's cost of attendance (COA).

Examples of How Need is Determined

	Low-Cost School EFC = \$3,000	Mid-Cost School EFC = \$3,000	High-Cost School EFC = \$3,000
Annual Cost of Attendance	\$ 10,600	\$ 26,500	\$ 68,000
- SAI	\$ 3,000	\$ 3,000	\$ 3,000
= NEED	\$ 7,600	\$ 23,500	\$ 65,000

FORMULA: COA – SAI = NEED

- The SAI must be used to determine eligibility for the following federal programs:
 - **Pell Grants** (unless student is eligible for a maximum Pell Grant or larger minimum Pell than calculated based on SAI)
 - **Subsidized Stafford Loans**
 - “Campus-based” aid programs:
 - **Supplemental Educational Opportunity Grant (SEOG)**
 - **Work-Study**
- Many schools also used the SAI to determine eligibility for their need-based institutional aid

- There are three SAI formulas:
 - Formula A – Dependent Students
 - Formula B – Independent Students without Dependent(s) (Other than a Spouse)
 - Formula C – Independent Students with Dependent(s) Other than a Spouse
- **Today's focus is on dependent students**, but the concepts are similar for independent students.

Assets are excluded for dependent students when:

- 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.

- Family of Four:
 - Mom (age 46), Dad (age 46), Max (age 17), Chris (age 13)
- Mom and Dad's Financial Information:
 - Filed taxes and earned = **\$80,000**
 - No other income additions or offsets
 - Federal income taxes paid = \$6,073
 - Assets = \$0
- Max's Financial Information
 - Filed taxes and earned **\$4,000**
 - No other income additions or offsets
 - Federal taxes paid = \$0
 - Assets = \$0



Tables for Calculations

Other information will come from the following tables:

- Table 1A (page 10): Payroll Tax Allowance
- Table 2A (page 11): Income Protection Allowance
- Table A4 (page 11): Asset Protection Allowance (parents only)
- Table A5 (page 12): Contribution from Adjusted Available Income (parent only)

Impact of Updated Income Protection Tables

What was the SAI? **3,044**

Let's review SAI with table (not updated for inflation):

- Parent income protection allowance (family of 4):
 - Before update: \$35,870
 - After update: \$42,430
- Student income protection allowance:
 - Before update: \$9,410
 - After update: \$11,130
- SAI before table update = **5,446**

- Let's Compare the **SAI to the EFC** Formula (\$80,000 income)
- Highlighted Differences
 - Untaxed income
 - State tax allowance
 - Income and asset protection allowances
 - Parent EFC divided by number in college
 - No negative student contribution from income
- EFC in same scenario = **5993**

Now let's shift gears and focus on the **impact of assets**.

- Basic information
 - Family of four
 - Parent income = \$100,000
 - Student income = \$4,000
 - Assets for parent and students = \$0
- Student Aid Index calculation
 - Parent contribution = 9,311
 - Student contribution from income = -1,500
 - Student contribution from assets = 0
- SAI = **7,811** (same scenario under EFC formula = **11,899**)



Impact of Assets

Comparing Parent Contributions:

\$ 0 in assets – 9,311

\$10,000 in assets – 9,791 (480 increase in SAI)

\$25,000 in assets – 10,511 (1,200 increase in SAI)

\$50,000 in assets – 11,797 (2,486 increase in SAI)

SAIs do increase but in relatively small amounts. These small increases typically have little impact on financial aid eligibility. Having savings can have a significantly impact the ability to pay for higher education.



Impact of Assets

Comparing Student Contribution from Assets

\$ 0 in assets – 0

\$ 3,000 in assets – 600 increase in SAI

\$ 5,000 in assets – 1,000 increase in SAI

\$10,000 in assets – 2,000 increase in SAI

Keep in mind, 529s and Coverdells are counted as a parent asset and the only amount included in the parent section is the value for the student on the FAFSA (not siblings).

Couple final pieces of information:

- No “parent income cutoff” in terms of Pell Grant eligibility but families of four earning **under \$55,000** are likely eligible for a maximum Pell Grant (even w/o negative student contribution).
- For students, once they earn over **~ \$8,000** they lose the -1,500 offset from student income contribution.
- For students, once they earn over **~ 12,000** the contribution from income will be positive (no offset to reduce parent SAI).



Questions?



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