



# Changes to Federal Methodology and the Pell Grant Program, 2021+

Note: For changes made before 2021, please reference the [Legislative Changes to Federal Methodology and the Pell Grant Program, 2006–2021 chart](#).

EFFECTIVE DATE <sup>1</sup>	LEGISLATION	HEA CITATION	CHANGE	COMMENT
7/1/2021	Consolidated Appropriations Act, 2021	401(b)	Includes funds to establish the maximum Federal Pell Grant award for the 2021–22 Award Year at \$5,435. With the mandatory increase based on the Consumer Price Index (CPI), the maximum award is \$6,495.	HEA section 401(b)(7)(C)(iii) provides for an automatic mandatory increase to the appropriated Federal Pell Grant maximum award for 2021–22 of \$1,060, resulting in a 2021–22 maximum award of \$6,495.
7/1/2023	Consolidated Appropriations Act, 2021	484(t)(3)	Restores Pell Grant eligibility for incarcerated individuals enrolled in a Prison Education program.	ED is authorized to early implement before July 1, 2023. If it does so, ED must specify on what date, under what conditions, and for which award years it will early implement in the Federal Register at least 60 days before implementation.
7/1/2023	Consolidated Appropriations Act, 2021	401(b)(1)(A) 401(c)(2)	Updates applicants who are eligible for the maximum Pell Grant award: <ul style="list-style-type: none"> <li>• Independent student (and spouse, if applicable) tax non-filers.</li> <li>• Dependent children of nonfiling parent(s)</li> <li>• Students under age 33 whose parent died serving in the armed forces after Sept. 11, 2001 and are otherwise eligible to receive a Pell Grant.</li> <li>• Students under age 33 whose parent died in the line of duty as a public safety officer and are</li> </ul>	The federal poverty level takes into account household size.  The federal poverty level for the prior-prior year is used, to correspond with the income years used on the FAFSA.

<sup>1</sup> While the Consolidated Appropriations Act, 2021 has an effective date of July 1, 2023, subsequent Department of Education [guidance](#) has delayed changes to Federal Methodology until July 1, 2024.

			<p>otherwise eligible to receive a Pell Grant.</p> <ul style="list-style-type: none"> <li>• Independent students who are single parents and whose student AGI is below 225% of the poverty level.</li> <li>• Dependent children of a single parent whose parent AGI is below 225% of the poverty level.</li> <li>• Independent students who are not single parents whose student AGI is below 175% of the poverty level.</li> <li>• Dependent students with parents who are not single parents whose parent AGI is below 175% of the poverty level.</li> </ul>	
7/1/2023	Consolidated Appropriations Act, 2021	473(b)&(c)	<ul style="list-style-type: none"> <li>• Applicants eligible for the maximum Pell Grant, except those who receive the maximum Pell Grant because they are the child of a parent who died serving in the armed forces after Sept. 11, 2001 or in the line of duty as a public safety officer would have an automatic Student Aid Index (SAI) of \$0, unless their calculated SAI was a negative number, in which case the negative number would be used as the SAI.</li> <li>• Tax non filers would have an SAI of -\$1,500.</li> </ul>	
7/1/2023	Consolidated Appropriations Act, 2021	401(b)(1)(A)&(C)	Minimum and maximum Pell Grant award amounts are based on the number of parents in the household, and family income as a percentage of the federal poverty level for the applicant's household size.	
7/1/2023	Consolidated Appropriations Act, 2021	401(b)(1)(B)	Students who are not eligible for the maximum or minimum Pell awards are eligible for a Pell award in the amount of the maximum Pell award for the award year less the SAI, rounded to the nearest \$5, not to fall below the minimum Pell award of 10% of the annual maximum award amount.	In cases of negative SAI, the SAI will be treated as 0 for calculating the Pell award.
7/1/2023	Consolidated Appropriations Act, 2021	401(b)(1)(C)	Allows those not eligible for maximum Pell or alternate Pell award amount calculation to receive the minimum	

	Act, 2021	401(b)(1)(C)	<p>Pell award amount if:</p> <ul style="list-style-type: none"> <li>• For a dependent applicant; their parent is single and their AGI is less than 325% of the federal poverty level.</li> <li>• For a dependent applicant; their parents are married and their AGI is less than 275% of the federal poverty level.</li> <li>• For an independent applicant; they are a single parent and their AGI is less than 400% of the federal poverty level.</li> <li>• For an independent applicant, they are married and have dependents and their AGI is less than 350% of the federal poverty level.</li> <li>• For an independent applicant, they do not have dependents and their AGI is less than 275% of the federal poverty level.</li> </ul>	
7/1/2023	Consolidated Appropriations Act, 2021	401(b)(2)	Maintains the Pell minimum award at 10% of maximum but allows less-than-full-time students to receive a prorated award amount that is less than the minimum Pell award of 10% of the maximum award.	Less-than-full time students could receive an award equal to the full-time award amount multiplied by their enrollment intensity as a percentage of full time, even if that award amount was less than the Pell award amount floor of 10% of the maximum Pell award.
7/1/2023	Consolidated Appropriations Act, 2021	401(h)(1) & (2)	<p>Allows for Pell appropriations that exceed the amount needed to make payments by less than 15% to be available for next award year.</p> <p>Allows for Pell appropriations that are in excess of 15% of the amount needed to make payments for that award year, to remain available but payments may be made only for entitlements for that fiscal year.</p>	
7/1/2023	Consolidated Appropriations Act, 2021	475(c)(3) 475(g)(2)(c) 476(b)(1)(A)(iii) 477(b)(3)	Updates Income Protection Allowance (IPA) tables to account for only family size instead of both family size and number in college.	IPAs for both dependent students and their parents as well as independent students are significantly increased. An automatic annual inflationary increase still remains.

7/1/2023	Consolidated Appropriations Act, 2021	480(b)(5)	Adds back to total income any foreign income that was exempt from U.S. tax or for which a foreign tax credit was received.	Previously such foreign income was not counted in the Federal Methodology.
7/1/2023	Consolidated Appropriations Act, 2021	475(c)(1) 476(b)(1) 477(b)(1)	Removes the state and other tax income allowance.	
7/1/2023	Consolidated Appropriations Act, 2021	480(f)(1)	Removes the family farm and small business asset exclusions.	Families would have to report the net value of any business or farm they own if they did not qualify for the simplified formula that excludes assets from consideration.
7/1/2023	Consolidated Appropriations Act, 2021	480(f)(1)	Updates the definition of assets to include child support received.	If applicable, child support received is only reported by those applicants who do not qualify for the simplified formula.
7/1/2023	Consolidated Appropriations Act, 2021	480(b)(1)	Updates the definition of untaxed income to only include items that are delineated on the federal tax return which are: <ul style="list-style-type: none"> <li>● Deductions and payments to self-employed SEP, SIMPLE, Keogh and other qualified individual retirement accounts excluded from income for Federal tax purposes.</li> <li>● Tax-exempt interest income.</li> <li>● Untaxed portion of individual retirement account distributions.</li> <li>● Untaxed portions of pensions.</li> <li>● Foreign income of permanent residents of the U.S. or U.S. citizens exempt from Federal taxation or foreign income for which a foreign tax credit is received.</li> </ul>	The follow item is not included in the definition of untaxed income and benefits: <ul style="list-style-type: none"> <li>● Payments made to tax-deferred pension and retirement plans, which were paid directly or withheld from earnings, that are not delineated on the Federal tax return.</li> <li>● Housing, food and other living allowances paid to members of the military, clergy and others</li> <li>● Veterans non-education benefits.</li> <li>● Other untaxed income, such as worker's compensation, disability benefits, untaxed foreign income.</li> <li>● Money received or paid on the parent or student's behalf.</li> </ul> <i>Child support was removed from this definition and is now considered under assets.</i>
7/1/2023	Consolidated	480(e)	Updates the definition of excludable income to mean:	

	Appropriations Act, 2021		<ul style="list-style-type: none"> <li>• An amount equal to the education credits received (American Opportunity Tax Credits; Lifetime Learning Credit).</li> <li>• If reported, college and grant scholarship aid included in the gross income on the tax return; includes amounts received through fellowship or assistantships, and any national service educational award, or post-service benefit.</li> <li>• Income earned from work-study programs.</li> </ul>	
7/1/2023	Consolidated Appropriations Act, 2021		Removes the number of household members enrolled in college from the FM calculation.	The FAFSA will retain the question asking about household members enrolled in colleges, for optional use by states and institutions for state and/or institutional aid.
7/1/2023	Consolidated Appropriations Act, 2021	475(f)(2)	For applicants with divorced or separated parents, which parent's information is required is determined based on which parent provided the greater portion of the student's financial support during the previous 12 months.	<p>Divorced and separated parents would continue to have only one parent's information on the FAFSA, but which parent's information is required would be determined based on which parent provided the greater portion of the student's financial support.</p> <p>Currently the deciding factor is based on which parent the student lived with more during the previous 12 months, or if the student lived with both parents equally, the student would instead include whichever parent provided more financial support in the previous 12 months or during the most recent year that support was provided.</p>
7/1/2023	Consolidated Appropriations Act, 2021	480(k)	Updates definition of family size to be based on IRS rules on dependents, <sup>2</sup> for the prior-prior year.	<p>Currently the definition of a dependent is:</p> <ul style="list-style-type: none"> <li>• A dependent of the parent is defined as the student, dependent children of the student's parents, including those children who are deemed to be</li> </ul>

<sup>2</sup>IRS rules for dependents are included in IRS Publication 501 (2020), Dependents, Standard Deduction, and Filing Information: [https://www.irs.gov/publications/p501#en\\_US\\_2020\\_publink1000196863](https://www.irs.gov/publications/p501#en_US_2020_publink1000196863)

				<p>dependent students when applying for aid and other persons who live with and receive more than one-half of their support from the parent and will continue to receive more than half of their support from the parent during the award year.</p> <ul style="list-style-type: none"> <li>• A dependent of the student is defined as the student's dependent children and other persons (except the student's spouse) who live with and receive more than one-half of their support from the student and will continue to receive more than half of their support from the student during the award year.</li> </ul>
7/1/2023	Consolidated Appropriations Act, 2021	479(b)	<p>Updates simplified needs test eligibility (i.e. would not be required to provide asset information on the FAFSA) to include:</p> <ul style="list-style-type: none"> <li>• Auto zero or automatic negative \$1500 SAI (non filers).</li> <li>• Dependent applicant whose parents total AGI is less than \$60K and did not file schedules A-F, or H or equivalent successor schedules.</li> <li>• Dependent applicant whose parents' total AGI is less than \$60K with no lettered schedules A-F, or H, other than Schedule C, and the Schedule C income loss or gain is less than \$10K.</li> <li>• Independent applicant with total AGI that is less than \$60K and who didn't file schedules A-F, or H or equivalent successor schedules.</li> <li>• Independent applicant with a total AGI of less than \$60K with no lettered schedules A-F, or H, other than Schedule C, and the Schedule C income loss or gain is less than \$10K.</li> <li>• Applicant, parents of dependent applicant, or spouse of independent applicant received means-tested benefits (SSI, SNAP, TANF, WIC,</li> </ul>	<p>A dependent applicant cannot qualify for the simplified formula if parents live outside of the U.S. or don't file U.S. taxes for any reason other than income being too low to file.</p>

			Medicaid, housing assistance, other MTBs determined by ED) in the previous 24-month period.	
7/1/2023	Consolidated Appropriations Act, 2021	473(a)	Replaces the Expected Family Contribution (EFC) with the SAI which would determine eligibility for all types of Title IV student aid except the maximum and minimum Pell Grant awards.	The SAI could be as low as -\$1,500.
7/1/2023	Consolidated Appropriations Act, 2021	475	<p><b>Creates the SAI calculation for a dependent applicant:</b></p> $\frac{[(\text{Parent Available Income} + \text{Parent Available Assets}) + (\text{Student Available Income} + \text{Student Available Assets})] \times \text{Assessment Rate}}{\text{Dependent Student SAI}}$ <p><b>Calculation for Available Income/Assets</b></p> <ul style="list-style-type: none"> <li>• Parent available income = Total income less federal taxes, FICA, IPA, employment expense allowance (35% of combined earned income; \$4K cap)</li> <li>• Parent available assets = Total parent assets - Asset Protection Allowance x 12%</li> <li>• Student available income = Student's total income less federal tax, FICA, IPA, allowance for parent negative available income) x 50%</li> <li>• Student available assets = Total assets x 20%</li> </ul>	Parents unmarried but living together have both of their income/assets considered in formula.
7/1/2023	Consolidated Appropriations Act, 2021	476	<p><b>Creates SAI calculation for an independent applicant without dependents:</b></p> $\frac{\text{Student Available Income} + \text{Student Available Assets}}{\text{Independent Student SAI}}$ <p><b>Calculation for Available Income/Assets</b></p>	

			<ul style="list-style-type: none"> <li>• Available income = Student's total income less federal tax, FICA, IPA, employment expense allowance (35% of total income; \$4k cap if married) x 50%</li> <li>• Available assets = Student's total assets less Asset Protection Allowance x 20%</li> </ul>	
7/1/2023	Consolidated Appropriations Act, 2021	477	<p><b>Creates SAI calculation for an independent applicant with dependents:</b></p> $\frac{(\text{Student Available Income} + \text{Student Available Assets}) \times \text{Assessment Rate}}{\text{Independent w/ dependents Student SAI}}$ <p><b>Calculation for Available Income/Assets</b></p> <ul style="list-style-type: none"> <li>• Available income = Student's total income less federal tax, FICA, income protection allowance, employment expense allowance (35% of combined earned income; \$4K cap)</li> <li>• Available assets = Student's total assets less Asset Protection Allowances x 7%</li> </ul>	