



# 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](#).

PELL GRANT CHANGES				
EFFECTIVE DATE	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.
7/1/2022	Consolidated Appropriations Act, 2022	401(b)	Includes funds to establish the maximum Federal Pell Grant award for the 2022–23 Award Year at \$5,835. With mandatory increase based on the Consumer Price Index (CPI), the maximum award is \$6,895.	
7/1/2023	Consolidated Appropriations Act, 2021	484(t)(3) 401(b)(6)	Restores Pell Grant eligibility for incarcerated individuals enrolled in a Prison Education Program.	ED implementing for 2023-24 award year
7/1/2024	Consolidated Appropriations Act, 2021	401(b)(1)(A) 401(c)(2)	Changed eligibility criteria for maximum Pell Grant award: <ul style="list-style-type: none"> <li>• Independent student (and spouse, if applicable) tax non-filers.</li> <li>• Dependent child of nonfiling parent(s).</li> <li>• Dependent child of a single parent whose parent AGI is between \$1 and 225% of the poverty level.</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.  Effective date changed from 2023-24 to 2024-25

			<ul style="list-style-type: none"> <li>Independent students who are not single parents whose student AGI is between \$1 and 175% of the poverty level.</li> <li>Dependent students with parents who are not single parents whose parent AGI is between \$1 and 175% of the poverty level.</li> </ul>	award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	401(b)(1)(B)	Students who are not eligible for the maximum 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, capped at the student's COA, and 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.
7/1/2024	Consolidated Appropriations Act, 2021	401(b)(1)(C) 401(b)(1)(C)	<p>Allows those not eligible for maximum Pell or alternate Pell award amount calculation to receive the minimum 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>	<p>The federal poverty level takes into account household size.</p> <p>Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.</p>
7/1/2024	Consolidated Appropriations Act, 2021	401(a)(2)(D)	<p>Adds definition of single parent:</p> <ul style="list-style-type: none"> <li>Head of household</li> <li>Surviving spouse, or</li> <li>Eligible for the Earned Income Tax Credit</li> </ul>	

7/1/2024	Consolidated Appropriations Act, 2021	473(b)	Automatic \$0 SAI for applicants eligible for the maximum Pell Grant unless their calculated SAI was a negative number, in which case the negative number would be used as the SAI.	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	473(c)	Automatic -\$1500 SAI for tax non filers	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	401(a)(2)(A) 473(b)(2)(C)(i)	Updates maximum age for eligibility for IASG and CFH to under 33 years.	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
	Consolidated Appropriations Act, 2022	473(b)(2)(A)	Removes requirement that student otherwise qualify for a Pell grant in order to receive these awards.	
7/1/2024	Consolidated Appropriations Act, 2021	401(b)(2)  401(b)(4)	Pell grant proration for less than full-time enrollment changed to be calculated in direct proportion to the percentage of full-time study the student enrolls in, rounded to the nearest percentage point.  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.  Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	401(b)(8)(A)(ii)	Removes requirement that students receiving an additional 50% of the annual Pell grant award for an additional payment period (year-round Pell) be enrolled at least half-time in that additional payment period.	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2023	Consolidated Appropriations Act, 2021	401(c)	Excluded from maximum period of Pell eligibility: <ul style="list-style-type: none"> <li>• Periods of attendance that student was unable to complete due to school closure</li> <li>• Periods of attendance for which the student was</li> </ul>	ED implementing for 2023-24 award year  Maximum period of eligibility remains at 12 semesters.

			<p>falsely certified as TITIV eligible</p> <ul style="list-style-type: none"> <li>● Periods of attendance for which a student received a loan that was discharged due to: <ul style="list-style-type: none"> <li>○ Closed school</li> <li>○ False certification (including false certification due to identity theft), or</li> <li>○ School's failure to make a refund of loan proceeds owed to the student's lender</li> <li>○ Successful borrower defense to repayment claim</li> </ul> </li> <li>● Periods for which a student received a TITIV loan that was discharged under ED authority to compromise, waive, or release any right, title, claim, lien, or demand</li> </ul>	
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**FEDERAL METHODOLOGY CHANGES**

EFFECTIVE DATE	LEGISLATION	HEA CITATION	CHANGE	COMMENT
7/1/2024	Consolidated Appropriations Act, 2021	480(a)	Codifies use of prior prior year income.	
7/1/2024	Consolidated Appropriations Act, 2021	473(a)	Expected Family Contribution renamed to Student Aid Index	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	475(a)(2) 476(a)(2) 477(a)(2)	Student Aid Index lowest possible value is -\$1500	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	480(a)	Factors used to determine total income must be derived from the Federal Income Tax return except for applicant's ability to indicate a qualified rollover or foreign income exempt from Federal tax or for which	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.

			individual receives a foreign tax credit.	
7/1/2024	Consolidated Appropriations Act, 2021	480(b)(5)	Adds to untaxed 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.  Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	480(b)	Removes from untaxed income: <ul style="list-style-type: none"> <li>● Child support received (moved to assets)</li> <li>● Workman's compensation</li> <li>● Veteran's benefits</li> <li>● Housing/food allowances for military/clergy</li> <li>● Cash support or any money paid on the student's behalf, except, for dependent students, funds provided by the student's parents</li> <li>● Payments made to tax-deferred pension and retirement plans that are not delineated on the Federal tax return</li> <li>● Other untaxed income like Black Lung Benefits, Refugee assistance, railroad retirement benefits, WIOA benefits.</li> </ul>	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	475(c)(1) 476(b)(1) 477(b)(1)	Removes the state and other tax allowance against income.	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	475(c)(2) 475(g)(3) 476(b)(2) 477(b)(2)	Social Security Tax Allowance renamed "allowance for payroll taxes."  Allowance now calculated based on total of joint filer earnings instead of separately for each earner.	Allowance no longer calculated separately for each income earner.  Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.

7/1/2024	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.  Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	478(b)	Changes the 12-month comparison period for determining the annual Consumer Price Index increase for IPA tables, Adjusted Net Worth of a Farm or Business tables, Asset Protection Allowance tables, & Assessment Schedules and Rates Tables from December-December to April-April.	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	475(c)(4) 476(b)(3) 477(b)(4)	Employment expense allowance for married parent of dependent student and married independent student without dependents is changed to the lower of 35% of total combined earned income or \$4,000 regardless of whether there are one or two income earners on the tax return.	Allowance was previously zero in the case of married taxpayers where one did not have earnings.  Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021		Aligns annual update to Employment Expense Allowance table to match other annual table updates by using annual CPI increase from April to April.	Previously annual updates to the Employment Expense Allowance table were based on the Bureau of Labor Statistics budget of the marginal costs for food away from home, apparel, transportation, and household furnishings and operations for a two-worker versus one-worker family.  Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations	480(e)	Removed from excludable income: <ul style="list-style-type: none"> <li>Income earned from work under a cooperative</li> </ul>	Excludable income now limited to education tax credits, taxable grant and scholarship aid, and

	Act, 2021		<p>education program</p> <ul style="list-style-type: none"> <li>● Non-federal need-based work-study earnings</li> <li>● Child support paid</li> <li>● Special combat pay</li> <li>● Foster care-related income and benefits received from the Social Security Administration</li> </ul>	<p>work study earnings.</p> <p>Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.</p>
7/1/2024	Consolidated Appropriations Act, 2021	480(f)(1)	Removes the family farm and small business asset exclusions.	<p>Families would have to report the net value of any business or farm they own unless they qualify for the simplified formula that excludes assets from consideration.</p> <p>Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.</p>
7/1/2024	Consolidated Appropriations Act, 2021	480(f)(1)	Updates the definition of assets to add to current definition child support received, investments, derivatives, and vacation homes.	<p>Child support received was previously treated as untaxed income.</p> <p>Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.</p> <p>Per 2045-25 Draft FAFSA, amount of child support to be reported will be the amount received in the last complete calendar year</p>

7/1/2024	Consolidated Appropriations Act, 2021	471	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 college, for optional use by states and institutions for state and/or institutional aid.  Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	475(f)(2)	For applicants with divorced or separated parents, which parent's information is required on the FAFSA is determined based on which parent provided the greater portion of the student's financial support.	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.  Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	475(f)(1)	Codifies existing practice that the income and assets of both parents should be used in calculating the SAI if they are unmarried but live together.	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	480(d)(6)	Married student criteria for purposes of independent student status changes to "Married and not separated."	Consolidated Appropriations Act of 2022 permitted 2023-24 implementation at ED's discretion, but ED will not implement until 2024-25
7/1/2024	Consolidated Appropriations Act, 2021	480(d)(6)	Veteran status criteria for purposes of independent student status changes to definition of veteran per Veterans Administration	Consolidated Appropriations Act of 2022 permitted 2023-24 implementation at ED's discretion, but ED will not implement until 2024-25
7/1/2024	Consolidated	480(k)	Updates definition of family size to be based on IRS rules	Currently the definition of a dependent is:

	Appropriations Act, 2021		on dependents, <sup>1</sup> for the prior-prior year.	<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 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.</li> <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> <p>Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.</p>
7/1/2024	Consolidated Appropriations Act, 2021	475(g)	In the Dependent student SAI calculation, student contribution from available income renamed “available income.”  Would now be permitted to be a negative value.	Previously student contribution from available income defaulted to zero if value was negative.  Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated	479(b)	Updates simplified needs test eligibility (not required to	A dependent applicant cannot qualify for the

<sup>1</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)

	Appropriations Act, 2021		<p>provide asset information on the FAFSA) to include:</p> <ul style="list-style-type: none"> <li>• Auto zero or automatic negative \$1500 SAI</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, Medicaid, housing assistance, other MTBs determined by ED) in the previous 24-month period.</li> </ul>	<p>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> <p>Added to means-tested benefits that qualify applicants for simplified needs test:</p> <ul style="list-style-type: none"> <li>• Medicaid</li> <li>• Federal Housing Assistance</li> </ul> <p>Removed from means-tested benefits that qualify applicants for simplified needs test:</p> <ul style="list-style-type: none"> <li>• Free and Reduced Price School Lunch</li> </ul> <p>Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.</p>
7/1/2024	Consolidated Appropriations Act, 2021	475(i) & (j)	Adjustment to parent and student contributions no longer required for periods of enrollment of other than nine months.	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.
7/1/2024	Consolidated Appropriations Act, 2021	479C	ED required to develop guidance on implementing existing statutory requirement that excludes certain types of income received by Native American students from the SAI calculation, without adding a FAFSA question.	Effective date changed from 2023-24 to 2024-25 award year by Consolidated Appropriations Act, 2022.