

CFAA Exam Preparation Workshop

Hand Calculation Using 2023-24 Regular Formula A

Using the case study below, and the worksheet and tables for **2023-24 EFC Formula A: Dependent Student–Regular Worksheet A**.

All calculations should be carried out to three decimal places. The result is rounded to the nearest whole number:

- 0.001 through 0.499 is rounded down; and
- 0.500 through 0.999 is rounded up.

Jaylen Wilson

Jaylen will be a third-year, undergraduate student starting in Fall 2023. His date of birth is May 26, 2003. He lives in Scranton, Pennsylvania with his father, stepmother, and younger stepsister, Shylee, who is a high school junior.

Jaylen's father, Randal, and stepmother, Anita, have been married 8 years. Randal is a Navy reservist who was called to active duty in October 2021. Randal's date of birth is May 2, 1975. Anita's date of birth is July 1, 1974.

Jaylen's father and stepmother filed an IRS Form 1040 for the 2021 tax year and claimed the standard deduction. Anita owns and operates a small gift shop with three full-time employees. In 2021, she earned \$24,224 in business income (as reported on Schedules 1 and C of the 1040). Randal works as a nurse in a family clinic and serves as a military reservist. He earned a total of \$82,000 in 2021, including \$800 in taxable combat pay. They reported an AGI of \$103,724, a \$2,500 American Opportunity Tax Credit, and a tax liability of \$6,537. Anita and Randal claimed Jaylen and his stepsister as dependents. Randal made a tax-deductible contribution of \$2,500 to a traditional IRA. No one in the family received benefits from a means-tested federal program in 2021 or 2022.

On Jaylen's FAFSA, Anita reported the value of her coffee shop as \$350,000 with debt of \$236,000, \$10,289 in a joint savings account, \$1,863 in her checking account, and \$2,367 in Randal's checking account.

Jaylen's parents divorced in 2004. Under the terms of the divorce agreement, Jaylen's mother paid Randal \$800 a month in child support for Jaylen until he turned 18. Randal received five months' worth of child support in 2021, in the amount of \$4,000.

Jaylen earned \$3,267 in 2021 working part-time over the summer. He was not required to file a tax return for 2021, so he did not file one. He used his earnings along with all the money in his savings account to pay his tuition for the 2022-23 academic year, so he has no assets.