



**DEPARTMENT OF EDUCATION**

**Federal Need Analysis Methodology for the 2024-25 Award Year--Federal Pell Grant, Federal Work-Study, Federal Supplemental Educational Opportunity Grant, William D. Ford Federal Direct Loan, and TEACH Grant Programs**

**AGENCY:** Federal Student Aid, Department of Education.

**ACTION:** Notice.

**SUMMARY:** The Secretary announces the annual updates to the tables used in the statutory Federal Need Analysis Methodology that determines a student's Student Aid Index (SAI) for award year (AY) 2024-25 for student financial aid programs, Assistance Listing Numbers (ALN) 84.063, 84.033, 84.007, 84.268, and 84.379. The intent of this notice is to alert the financial aid community and the broader public to these required annual updates used in the determination of student aid eligibility.

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**SUPPLEMENTARY INFORMATION:** Part F of title IV of the Higher Education Act of 1965, as amended (HEA), specifies the criteria, data elements, calculations, and tables the

Department of Education (Department) uses in the Federal Need Analysis Methodology to determine the SAI.

Enacted into law as part of the Consolidated Appropriations Act, 2021, Division FF, Title VII (116 Pub. L. 260), the FAFSA Simplification Act makes many significant changes to the Higher Education Act of 1965, as amended (HEA), regarding Federal Need Analysis Methodology, including how the Secretary must update the tables used in the formula. Due to the magnitude of these (and other) changes and to ensure that both the Department and the higher education community were prepared to fully implement the FAFSA Simplification Act, in June 2021, Federal Student Aid (FSA) announced a phased approach to implementation. As part of this approach, in the FAFSA Simplification Act Technical Corrections Act, Division R (Pub. L. 117-103) of the Consolidated Appropriations Act, 2022 (CAA 2022), Congress extended the full implementation of the FAFSA Simplification Act until the 2024-25 award year.

Section 478 of the HEA, as amended by the FAFSA Simplification Act, requires the Secretary to annually update the following five tables for inflation--the Income Protection Allowance (IPA), the Adjusted Net Worth (NW) of a Business or Farm, the Asset Protection Allowance, the Assessment Schedules and Rates, and the Employment Expense Allowance. The updates are based, in general, upon

increases in items such as, but not limited to, the Consumer Price Index (CPI).

The Secretary is charged with updating the IPA, adjusted NW of a business or farm, the asset protection allowance, the assessment schedules and rates, and the employment expense allowance to account for inflation that took place between April 2020 and April in the year prior to the beginning of each award year. The increases in the tables must be based on a percentage equal to the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) for April of the applicable year.

This notice includes the new 2024-25 AY values for the five tables listed above, which reflect the FAFSA Simplification Act amendments. The updated tables are in sections 1 (Income Protection Allowance), 2 (Adjusted Net Worth of a Business or Farm), 3 (Asset Protection Allowance), 4 (Assessment Schedules and Rates), and 5 (Employment Expense Allowance) of this notice.

The HEA requires the following annual updates:

1. Income Protection Allowance. This allowance is the amount of living expenses associated with the maintenance of an individual or family that may be offset against the family's income. The allowance varies by family size and marital status. The IPA for dependent students is \$11,130. The IPAs for parents of dependent students and independent students are listed in the tables below.

**Parents of Dependent Students**

Family size	Income Protection Allowance
2.....	\$27,600
3.....	\$34,350
4.....	\$42,430
5.....	\$50,060
6.....	\$58,560
For each additional family member add \$6,610.	

**Married Independent Students with Dependents Other Than a Spouse**

Family size	Income Protection Allowance
3.....	\$54,580
4.....	\$67,400
5.....	\$79,530
6.....	\$93,010
For each additional family member add \$10,510.	

**Single Independent Students with Dependents Other Than a Spouse**

Family size	Income Protection Allowance
2.....	\$51,960
3.....	\$64,700
4.....	\$79,880
5.....	\$94,260
6.....	\$110,230

For each additional family member add \$12,460.
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**Independent Students without Dependents Other Than a Spouse**

Marital Status	Income Protection Allowance
Single.....	\$17,310
Married.....	\$27,750

2. Adjusted Net Worth of a Business or Farm. A portion of the full NW (assets less debts) of a business or farm is excluded from the calculation of a SAI because (1) the income produced from these assets is already assessed in another part of the formula; and (2) the formula protects a portion of the value of the assets.

The portion of these assets included in the contribution calculation is computed according to the following schedule. This schedule is used for parents of dependent students, independent students without dependents other than a spouse, and independent students with dependents other than a spouse.

**Adjusted Net Worth of a Business or Farm**

If the NW of a business or farm is	Then the adjusted NW is
Less than \$1 .....	\$0.
\$1 to \$165,000 .....	\$0 + 40% of NW.
\$165,001 to \$490,000 ...	\$66,000 + 50% of NW over \$165,000.
\$490,001 to \$820,000 ...	\$228,500 + 60% of NW over \$490,000.

\$820,001 or more .....	\$426,500 + 100% of NW over \$820,000.
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3. Asset Protection Allowance. This allowance protects a portion of NW (assets less debts) from being considered available for postsecondary educational expenses. There is one asset protection allowance table for parents of dependent students, independent students without dependents other than a spouse, and independent students with dependents other than a spouse.

**Parents of Dependent Students, Independent Students with Dependents Other Than a Spouse, and Independent Students Without Dependents Other Than a Spouse**

If the age of the older parent or the independent student is	And the older parent or the independent student is	
	Married	Single
	Then the allowance is	
25 or less .....	0	0
26 .....	0	0
27 .....	0	0
28 .....	0	0
29 .....	0	0
30 .....	0	0
31 .....	0	0
32 .....	0	0
33 .....	0	0
34 .....	0	0

35 .....	0	0
36 .....	0	0
37 .....	0	0
38 .....	0	0
39 .....	0	0
40 .....	0	0
41 .....	0	0
42 .....	0	0
43 .....	0	0
44 .....	0	0
45 .....	0	0
46 .....	0	0
47 .....	0	0
48 .....	0	0
49 .....	0	0
50 .....	0	0
51 .....	0	0
52 .....	0	0
53 .....	0	0
54 .....	0	0
55 .....	0	0
56 .....	0	0
57 .....	0	0
58 .....	0	0
59 .....	0	0

60 .....	0	0
61 .....	0	0
62 .....	0	0
63 .....	0	0
64 .....	0	0
65 or older .....	0	0

4. Assessment Schedules and Rates. Two schedules that are subject to updates--one for parents of dependent students and one for independent students with dependents other than a spouse--are used to determine the SAI from family financial resources toward educational expenses. For dependent students, the SAI is derived from an assessment of the parents' adjusted available income (AAI). For independent students with dependents other than a spouse, the SAI is derived from an assessment of the family's AAI. The AAI represents a measure of a family's financial strength, which considers both income and assets.

The contribution of parents of dependent students, and independent students with dependents other than a spouse, is computed according to the following schedule:

**Assessment of Available Income**

If AAI is	Then the contribution is
Less than -\$6,820 .....	-\$1,500
-\$6,820 to \$20,600 .....	22% of AAI.
\$20,601 to \$25,800 .....	\$4,532 + 25% of AAI over \$20,600.

\$25,801 to \$31,000.....	\$5,832 + 29% of AAI over \$25,800.
\$31,001 to \$36,300.....	\$7,340 + 34% of AAI over \$31,000.
\$36,301 to \$41,500.....	\$9,142 + 40% of AAI over \$36,300.
\$41,501 or more .....	\$11,222 + 47% of AAI over \$41,500.

5. Employment Expense Allowance. This allowance for employment-related expenses recognizes additional expenses incurred by working individuals. For parents of dependent students, the employment expense allowance is the lesser of \$4,730 or 35% of the total earned income of the student's parent and parent's spouse, if applicable. The employment expense allowance for independent students is zero if the student is not married (single, separated or divorced/widowed) or the lesser of \$4,730 or 35% of the combined earned income for the student and student spouse if the student is married.

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