



DEPARTMENT OF EDUCATION

Federal Need Analysis Methodology for the 2027-28 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 (Need Analysis) that determines a student's Student Aid Index (SAI) for award year (AY) 2027-28 for student financial aid programs, Assistance Listing Numbers (ALN) 84.007, 84.033, 84.063, 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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If you are deaf, hard of hearing, or have a speech disability and wish to access telecommunications relay services, please dial 7-1-1.

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 that make up the Need Analysis.

Section 478 of the HEA 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.

The Secretary updates the above tables 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 for April of the applicable year.

This notice includes the 2027-28 AY values for the tables 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).

1. Income Protection Allowance (IPA). This allowance is the amount of living expenses associated with the maintenance of an individual or family that offset the family's income. The allowance varies by family size and marital status. The IPA for dependent students is \$12,220.

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.....	\$30,300
3.....	\$37,720
4.....	\$46,590
5.....	\$54,970
6.....	\$64,290
For each additional family member, add \$7,260.	

Married Independent Students with Dependents Other Than a Spouse

Family size	Income Protection Allowance
3.....	\$59,930
4.....	\$74,000
5.....	\$87,320
6.....	\$102,120
For each additional family member, add \$11,530.	

Single Independent Students with Dependents Other Than a Spouse

Family size	Income Protection Allowance
2.....	\$57,050
3.....	\$71,040
4.....	\$87,700

5.....	\$103,500
6.....	\$121,030
For each additional family member, add \$13,680.	

Independent Students without Dependents Other Than a Spouse

Marital Status	Income Protection Allowance
Single.....	\$19,000
Married.....	\$30,470

2. Adjusted Net Worth (NW) 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 an 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 \$180,000	\$0 + 40% of NW.

\$180,001 to \$540,000...	\$72,000 + 50% of NW over \$180,000.
\$540,001 to \$905,000...	\$252,000 + 60% of NW over \$540,000.
\$905,001 or more	\$471,000 + 100% of NW over \$905,000.

3. Asset Protection Allowance (APA). 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 with dependents other than a spouse, and independent students without 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 further limit how much of the family financial resources are considered to go 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 -\$8,900.....	-\$1,958
-\$8,900 to \$22,600.....	22% of AAI.
\$22,601 to \$28,300.....	\$4,972 + 25% of AAI over \$22,600.
\$28,301 to \$34,000.....	\$6,397 + 29% of AAI over \$28,300.
\$34,001 to \$39,900.....	\$8,050 + 34% of AAI over \$34,000.
\$39,901 to \$45,600.....	\$10,056 + 40% of AAI over \$39,900.
\$45,601 or more	\$12,336 + 47% of AAI over \$45,600.

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 \$5,200 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 with dependents other than a spouse is also the lesser of \$5,200 or 35% of the combined earned income for the student and student spouse, if applicable. The allowance is the same for independent students without dependents other than a spouse if they are married, but if they are not married, the allowance is zero.

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Program Authority: 20 U.S.C. 1087kk et seq.

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[FR Doc. 2026-10986 Filed: 6/1/2026 8:45 am; Publication Date: 6/2/2026]