

8

DETERMINING EXPECTED FAMILY CONTRIBUTION

The FAFSA is the instrument used by the U.S. Department of Education to obtain the information needed to determine Federal Student Financial Aid eligibility and calculate the Expected Family Contribution (EFC) for dependent and independent students. An EFC is calculated when the FAFSA is valid (i.e. not in a rejected status). EFCs are calculated using formulae that have been approved by Congress under Title IV of the Higher Education Act of 1965 as amended for each student category as outlined below. The EFC calculation is often referred to as Federal Needs Analysis or Federal Methodology since it is used along with the COA to determine financial need for subsidized loans and/or need based federal student financial aid programs.

This chapter outlines the three basic EFC formulae (A, B and C) which are published each year in the [EFC Formula Guide](#) and in [Chapter 3 of the Application and Verification Guide](#) on the IFAP website:

- Dependent Student –Formula A
- Independent Student without Dependents (other than spouse) –Formula B and
- Independent Student with Dependents (other than spouse) –Formula C

Each EFC formula has corresponding worksheets. The worksheets (and their associated information tables) are used to determine the EFC for each formula type that are contained in this chapter. These worksheets can be used to hand calculate an EFC and to gain an understanding of the components of Federal Needs Analysis/Methodology. This allows an FAA to understand which FAFSA data elements affect the EFC, which is a necessary prerequisite for the appropriate and effective execution of professional judgment. Also discussed are special or alternate EFC calculations that are applied when certain criteria are met: the Simplified EFC Formula, the Automatic Zero EFC, and EFCs for enrollment periods other than nine (9) months.

NOTE: The most effective way to utilize this chapter is to review the EFC formula worksheet with its corresponding section in the chapter. For example, use worksheet A when reading through the worksheet A section of the chapter to follow along line by line.

SAM 2019-2020

CONTENTS

| | |
|---|------|
| EFC Formula for Dependent Students: Worksheet A - Regular..... | 8-3 |
| Determining Parents' Contribution..... | 8-3 |
| Student's Contribution from Available Income..... | 8-5 |
| Student's Contribution from Assets..... | 8-5 |
| Regular EFC Calculation – Final Step..... | 8-6 |
| EFC Formula for Dependent Students: Worksheet A - Simplified | 8-6 |
| EFC Formula for Dependent Students: Worksheet A – Automatic Zero EFC..... | 8-7 |
| EFC Calculation for Enrollment Periods Other Than 9 Months..... | 8-8 |
| Dependent Student - Worksheet A - Needs Analysis Tables..... | 8-9 |
| | |
| EFC Formula for Independent Students without Dependents Other Than Spouse | |
| Worksheet B - (Regular and Simplified) | 8-21 |
| EFC Calculation for Enrollment Periods Other Than 9 Months..... | 8-23 |
| Automatic Zero EFC..... | 8-23 |
| Independent Student without Dependents Other Than Spouse –Worksheet B | |
| - Needs Analysis Tables..... | 8-24 |
| | |
| EFC Formula for Independent Students with Dependents Other Than Spouse | |
| Worksheet C (Regular and Simplified)..... | 8-31 |
| Independent Students with Dependents other than Spouse –Worksheet C | |
| - Needs Analysis Tables..... | 8-35 |

Resources

2019-2020 EFC Formula Guide -

<https://ifap.ed.gov/efcformulaguide/attachments/1920EFCFormulaGuide.pdf>

Chapter 3 of the Application and Verification Guide-

<https://ifap.ed.gov/fsahandbook/attachments/1819FSAHbkAVGCh3.pdf>

SAM 2019-2020

EFC Formula for Dependent Students: Worksheet A - Regular

The **Regular Dependent Student - Formula A** calculates the EFC by summing the three final components listed below. As is evident on the EFC worksheets the components are derived through the process of determining applicable income and assets as part of the larger calculation.

The three final components are:

- **Parents' contribution** -this is parents' contribution from Adjusted Available Income (AAI - which includes income, assets and allowances) divided by number in college.
AAI/Number in College
- **Student's contribution from available income**- this includes income amounts after allowances are considered
- **Student's contribution from assets** – this includes assets after an assessment rate is considered

Determining the Parents' Contribution

The following steps are employed to calculate the Parents' Contribution of the EFC:

1. Determining the Available Income (AI) (Total Income less Total Income Allowances),
2. Determining the Contribution from Assets
3. Determining the Adjusted Available Income (which is AI + Assets)
4. Using Table A6 to determine the parents' total contribution from AAI
5. Determining the Parent's Contribution by dividing the parents' total contribution from AAI by the number in college.

1. Determining Available Income (AI)

Parents' **Available Income** is calculated by adding all taxed and untaxed income and subtracting the additional financial information reported on the FAFSA to determine the **Total Income**. Then the **Allowances Against Parents' Income** that account for certain non-discretionary expenses such as taxes paid, basic living expenses and an employment expense allowance are determined (called **Total Allowances**) and then subtracted from the **Total Income**.

Equation: Total Income – Total Allowances = Available Income (AI)

NOTE: the 2019-2020 Application and Verification Guide indicates that “a school may assume the Income Protection Allowance (IPA)” - see Table A3 – “includes”:

- 30% for food
- 22% for housing
- 9% for transportation
- 16% for clothing and personal care
- 11% medical care
- 12% miscellaneous - other family consumption

SAM 2019-2020

2. Determining Contribution from Assets

In the regular EFC formula, the parents' **Contribution from Assets** is calculated by determining the asset **Net Worth** then subtracting the **Asset Protection Allowance** (Table A5) and multiplying by a **12% conversion rate**.

Net Worth is calculated by:

- summing the asset values reported on the FAFSA,
- calculating the adjusted net worth of business that employs more than 100 employees (if owned) or that of an investment farm (if owned)

Equation: Asset values – Adjusted Net worth of Business/Farm (Table A4) = Net Worth

- subtract the Asset Protection Allowance (Table A5)
- equals the **parents' discretionary net worth**.

Equation: Net Worth – Asset Protection Allowance = Discretionary Net Worth

The parents' **discretionary net worth** is then multiplied by a **12% conversion rate** to yield the parents' **Contribution from Assets**. If the contribution from assets is a negative number, it is considered to be zero.

Equation: Discretionary Net Worth X .12 Conversion Rate = Parents' Contribution from Assets.

In the Simplified and Automatic Zero EFC formulae, the Parents' Contribution from Assets is excluded from the calculation.

3. Determining Adjusted Available Income (AAI)

AAI is determined by summing the **Available Income** and the **Contribution from Assets**.

Equation: AI + Contribution from Assets = AAI

4. Determining Parents' Total Contribution from AAI

Then EFC **Table A6** is used to determine what amount of the AAI can be considered by the EFC formula as available to the family to be able to cover costs of a post-secondary education. This is called the **Total Parent's Contribution from AAI**, which can be a negative number.

Equation: AAI modified by Table A6 = Total Parent's Contribution from AAI

5. Determining Parents' Contribution

Finally, the **Parents' Contribution** to the EFC is determined by dividing the **Total Parents' Contribution from AAI** by the number of household members attending college on at least a half-time basis. For this part of the calculation parents are excluded in the number attending college. However, professional judgment may be used to include expenses incurred by a parent that is attending a post-secondary degree program if it is needed for their employment.

Equation: Total Parents' Contribution from AAI/ Number in College = Parents' Contribution

SAM 2019-2020

Student's Contribution from Available Income (AI)

The student's contribution from income is determined in much the same manner as the parents' with several exceptions and adjustments as noted below.

The following steps are employed to calculate the Student's Contribution to the EFC from Available Income:

1. Determining the Total Income
2. Determining the Total Allowances Against Student Income
3. Determining the AI
4. Assessing portion of the AI that is used towards the EFC (formatting for spacing required)

1. Determining the Total Income

Like the parents' contribution, the Total Income is the total taxed and untaxed student income less the total additional financial information as reported on the FAFSA.

$$\text{Equation: Total Taxed Income} + \text{Total Untaxed Income} - \text{Additional Financial Information} = \text{Total Income}$$

2. Determining the Allowances Against Student Income

The allowances against the student's income include federal and state income taxes paid, an income protection allowance of \$6,660 and parent's Adjusted Available Income only if it is a negative number.

$$\text{Equation: Income taxes paid} + \text{State Tax paid Allowance (Table A7)} + \text{Social Security tax allowance (Table A2)} + \$6,660 + \text{Parent's negative AAI (if applicable)} = \text{Total Allowances}$$

3. Determining the Available Income (AI)

AI is the difference of Total income from Total Allowances.

$$\text{Equation: Total Income} - \text{Total Allowances} = \text{AI}$$

4. Assessing portion of the AI that is used towards the EFC

The student's available income is assessed at 50% for student's contribution from income. If this amount is a negative number, it is set to zero.

$$\text{Equation: AI} \times .5 = \text{Student's Contribution from AI.}$$

Student's Contribution from Assets

The student's asset Net Worth is calculated exactly as the parents' asset discretionary net worth except that a 20% assessment rate is used, there is no allowance for adjusted net worth of business or farm (Table A4) and that there is no asset protection allowance (Table A5) for a dependent student. This means that a dependent student's assets are very significant when determining the EFC. Therefore, the assets of a dependent student should be documented when completing verification to ensure that there is no potential conflicting information. In the simplified and automatic zero EFC formulae, the student's assets are not considered in the calculation.

$$\text{Equation: Net Worth} \times .2 \text{ Assessment Rate} = \text{Student's Contribution from Assets.}$$

SAM 2019-2020

The Regular EFC Calculation – Final Step

The final step in the regular EFC calculation sums the Parents' Contribution, the Student's Contribution from Available Income and the Student's Contribution from Assets.

Equation: Parent Contribution + Student Contribution from AI + Student Contribution from Assets =EFC.

EFC Formula for Dependent Students: Worksheet A - Simplified

The **Simplified Dependent Student Formula** is similar to the regular formula except that the asset information for the parent(s) and student is excluded from the calculation. For the 2019-2020 award year a dependent student qualifies for the simplified EFC formula if the both of the following two conditions are met:

1. Anyone included in the **parents'** FAFSA defined household size who received benefits during 2017 or 2018 from any of the designated means-tested federal benefit programs such as:
 - Medicaid
 - Supplemental Security Income (SSI)
 - Supplemental Nutrition Assistance Program (SNAP formerly Food Stamp program)
 - The Free and Reduced Price School Lunch
 - Temporary Assistance for Needy Families (TANF) (This program may have a different name depending on the state the parents reside in)
 - Special Supplemental Nutrition Program for Women Infants and Children (WIC)

OR

The student's **parents**:

- filed or were eligible to file a 2017 IRS Form 1040A or 1040EZ (included in this are also a Puerto Rican and other U.S. territories tax returns)
- filed a 2017 IRS form 1040 but were not required to do so or if the applicant/parents filed a 1040 solely to claim an educational credit to meet these criteria (for criteria defining who is required to file a form 1040 please see chapter 4 of this manual)
- were not required to file any income tax return,

OR

The student's **parent** is a dislocated worker,

AND

2. the combined 2017 AGI (or income earned from work for non-tax filers) of the student's **parents'** was \$49,999 or less

SAM 2019-2020

EFC Formula for Dependent Students: Worksheet A - Automatic Zero EFC

For the 2019-2020 award year a dependent student meets the automatic zero EFC income threshold if the combined parental AGI (for tax-filers) or income earned from work (for non-tax filers) was \$26,000 or less. The calculation is similar to the simplified EFC formula in that student and parent assets are excluded however the student's and the parents' income are not included in the calculation since an EFC of zero (0) is automatically assigned. Therefore, a dependent student that meets the eligibility criteria for an automatic zero EFC does not need to document asset information when completing verification since this will not affect the EFC and does not constitute the regulatory definition of conflicting information requiring resolution.

For the 2019-2020 award year a dependent student qualifies for the automatic zero EFC formula if the both of the following two conditions are met:

1. Anyone included in the **parents'** FAFSA defined household size received benefits during 2017 or 2018 from any of the designated means-tested federal benefit programs such as:
 - Medicaid
 - Supplemental Security Income (SSI)
 - Supplemental Nutrition Assistance Program (SNAP formerly Food Stamp program)
 - Free and Reduced Price School Lunch
 - Temporary Assistance for Needy Families (TANF) (This program may have a different name depending on the state the parents reside in)
 - Special Supplemental Nutrition Program for Women Infants and Children (WIC)

OR

The student's **parents**:

- filed or were eligible to file a 2017 IRS Form 1040A or 1040EZ (included in this are also a Puerto Rican and other U.S. territories tax returns)
- filed a 2017 IRS form 1040 but were not required to do so or if the applicant/parents filed a 1040 solely to claim an educational credit meet these criteria (for criteria defining who is required to file a form 1040 please see chapter 4 of this manual)

OR

The student's **parent** is a dislocated worker,

AND

- the combined 2017 AGI (or income earned from work for non-tax filers) of the student's parents' was \$26,000 or less
- For non-tax filer, use the income shown on 2017 W-2 of both parents (plus any other earnings from work not included on the W-2s) to determine if income is \$26,000 or less

NOTE: An independent student without dependents other than a spouse is not eligible for an automatic zero EFC.

EFC Calculation for Enrollment Periods other than 9 Months

The law specifies that the EFC of a dependent student must be modified for enrollment periods greater or lesser than 9-months and only for determining Campus Based Award programs and Federal Direct Loan eligibility. Prorated EFCs are not used to determine Federal Pell Grant eligibility. Nine (9) months is considered the standard enrollment period for a student enrolled in fall and spring. Students who are enrolled for fall only are considered enrolled for 4 months; students who are enrolled for spring only are considered enrolled for 5 months. Students who are enrolled for summer only are considered enrolled for 3 months and this is a non-standard enrollment duration.

For periods of less than 9 months, the parents' contribution is pro-rated according to the number of months of enrollment. Similarly, the student's contribution from Available Income is pro-rated and then added to the contribution from assets, which is not pro-rated.

For periods greater than 9 months: The AAI is adjusted by \$5,070 to create an Alternate AAI which is then calculated based on Table A6 and divided by the number in college. This is further adjusted by subtracting the Parents' Contribution for the 9-month EFC calculation. This is then divided by 12 to obtain the monthly EFC and is then multiplied by the actual number of months in excess of 9 months that the student is enrolled for, which yields the adjustment to the Parents' Contribution. This amount is then summed with the 9-month Parents' Contribution to yield the prorated EFC in excess of 9 months. (See the 3rd page of Worksheet A of the EFC Worksheets for an outline of the calculation). For periods in excess of 9 months the student's contribution remains the same as it does for a 9-month EFC calculation.

A table of alternate EFCs, used when students are attending for periods of 1 to 12 months, can be found in the FAA information section of the ISIR and is viewable within CUNYfirst as well.

Using the Dependent Student EFC Formula Worksheets

The following 12 pages contain the EFC Formula A Worksheets and tables that are published on the Information for Financial Aid Professional (IFAP) website in the [2019-2020 EFC Formula Guide](#) for:

- The Regular Dependent Student EFC Formula,
- The Simplified Dependent Student Formula,
- Tables A-1 through A-7 which are needed to determine the various asset, income and other allowances

The EFC Formula worksheets allow FAAs to perform hand calculations for the standard nine (9) month EFC and for periods of enrollment other than nine (9) months for a dependent student. The EFC Formula worksheets also allow FAAs to understand the components for Federal Need Analysis which are needed for properly exercising professional judgment and completing verification.

The simplified EFC worksheet blocks out the asset information not used in the calculation and alerts you if the student is eligible for the automatic zero EFC.

SAM 2019-2020

2019-2020 EFC FORMULA **A**: DEPENDENT STUDENT

REGULAR
WORKSHEET
Page 1

A

| PARENTS' INCOME IN 2017 | |
|--|--|
| 1. Parents' adjusted gross income (FAFSA/SAR #85) If negative, enter zero. | |
| 2. a. Parent 1 (father/mother/stepparent) income earned from work (FAFSA/ SAR #88) | |
| 2. b. Parent 2 (father/mother/stepparent) income earned from work (FAFSA/ SAR #89) + | |
| Total parents' income earned from work = | |
| 3. Taxable income (If tax filers, enter the amount from line 1 above. If non-tax filers, enter the amount from line 2.)* | |
| 4. Total untaxed income and benefits: (total of FAFSA/SAR #94a through 94i) + | |
| 5. Taxable and untaxed income (sum of line 3 and line 4) = | |
| 6. Total additional financial information (total of FAFSA/SAR #93a through 93f) - | |
| 7. TOTAL INCOME (line 5 minus line 6) May be a negative number. = | |

| ALLOWANCES AGAINST PARENTS' INCOME | |
|---|---|
| 8. 2017 U.S. income tax paid (FAFSA/SAR #86) (tax filers only) If negative, enter zero. | |
| 9. State and other tax allowance (Table A1) If negative, enter zero. + | |
| 10. Parent 1 (father/mother/stepparent) Social Security tax allowance (Table A2) + | |
| 11. Parent 2 (father/mother/stepparent) Social Security tax allowance (Table A2) + | |
| 12. Income protection allowance (Table A3) + | |
| 13. Employment expense allowance: | |
| <ul style="list-style-type: none"> • Two working parents (Parents' Marital Status is "married" or "unmarried and both parents living together"): 35% of the lesser of the earned incomes, or \$4,000, whichever is less • One-parent families: 35% of earned income, or \$4,000, whichever is less • Two-parent families, one working parent: enter zero | + |
| 14. TOTAL ALLOWANCES = | |

*STOP HERE (at line 3) if the following are true:

Line 3 is \$26,000 or less **and**

- The parents are eligible to file a 2017 IRS Form 1040A or 1040EZ (that is, they are not required to file a 2017 Form 1040) or they are not required to file any income tax return **or**
- Anyone included in the parents' household size (as defined on the FAFSA) received benefits during 2017 or 2018 from any of the designated means-tested federal benefit programs **or**
- Either of the parents is a dislocated worker.

If these circumstances are true, the Expected Family Contribution is automatically zero.

| AVAILABLE INCOME | |
|---|--|
| TOTAL INCOME (from line 7) | |
| TOTAL ALLOWANCES (from line 14) - | |
| 15. AVAILABLE INCOME (AI) May be a negative number. = | |

| PARENTS' CONTRIBUTION FROM ASSETS | |
|--|-----|
| 16. Cash, savings, and checking (FAFSA/SAR #90) | |
| 17. Net worth of investments** (FAFSA/SAR #91) If negative, enter zero. + | |
| 18. Net worth of business and/or investment farm (FAFSA/SAR #92) + | |
| If negative, enter zero. | |
| 19. Adjusted net worth of business/farm (Calculate using Table A4.) + | |
| 20. Net worth (sum of lines 16, 17, and 19) = | |
| 21. Education savings and asset protection allowance (Table A5) - | |
| 22. Discretionary net worth (line 20 minus line 21) = | |
| 23. Asset conversion rate × | .12 |
| 24. CONTRIBUTION FROM ASSETS If negative, enter zero. = | |

| PARENTS' CONTRIBUTION | |
|--|--|
| AVAILABLE INCOME (AI) (from line 15) | |
| CONTRIBUTION FROM ASSETS (from line 24) + | |
| 25. Adjusted available income (AAI) May be a negative number. = | |
| 26. Total parents' contribution from AAI (Calculate using Table A6.) If negative, enter zero. | |
| 27. Number in college in 2019-2020 (Exclude parents.) (FAFSA/SAR #74) + | |
| 28. PARENTS' CONTRIBUTION (standard contribution for nine-month enrollment)*** = | |
| If negative, enter zero. | |

**Do *not* include the family's home.

***To calculate the parents' contribution for other than nine-month enrollment, see page 11.

Continued on the next page

SAM 2019-2020

REGULAR
WORKSHEET
Page 2



| STUDENT'S INCOME IN 2017 | | |
|---|--|---|
| 29. | Adjusted gross income (FAFSA/SAR #36) If negative, enter zero. | |
| 30. | Income earned from work (FAFSA/SAR #39) | |
| 31. | Taxable income (If tax filer, enter the amount from line 29 above. If non-tax filer, enter the amount from line 30.) | |
| 32. | Total untaxed income and benefits (total of FAFSA/SAR #45a through 45j) | + |
| 33. | Taxable and untaxed income (sum of line 31 and line 32) | = |
| 34. | Total additional financial information (total of FAFSA/SAR #44a through 44f) | - |
| 35. TOTAL INCOME (line 33 minus line 34) May be a negative number. | | = |

| ALLOWANCES AGAINST STUDENT INCOME | | |
|-----------------------------------|---|--------------|
| 36. | 2017 U.S. income tax paid (FAFSA/SAR #37) (tax filers only) If negative, enter zero. | |
| 37. | State and other tax allowance (Table A7) If negative, enter zero. | + |
| 38. | Social Security tax allowance (Table A2) | + |
| 39. | Income protection allowance | + 6,660 |
| 40. | Allowance for parents' negative adjusted available income (If line 25 is negative, enter line 25 as a positive number in line 40. If line 25 is zero or positive, enter zero in line 40.) | + |
| 41. TOTAL ALLOWANCES | | = |

| STUDENT'S CONTRIBUTION FROM INCOME | | |
|---|--|---|
| TOTAL INCOME (from line 35) | | |
| TOTAL ALLOWANCES (from line 41) | | |
| - | | |
| 42. Available income (AI) | | |
| = | | |
| 43. Assessment of AI | | |
| × .50 | | |
| 44. STUDENT'S CONTRIBUTION FROM AI If negative, enter zero. | | = |

| STUDENT'S CONTRIBUTION FROM ASSETS | | |
|---|--|------------|
| 45. | Cash, savings, and checking (FAFSA/SAR #41) | |
| 46. | Net worth of investments* (FAFSA/SAR #42) If negative, enter zero. | + |
| 47. | Net worth of business and/or investment farm (FAFSA/SAR #43) If negative, enter zero. | + |
| + | | |
| 48. | Net worth (sum of lines 45 through 47) | = |
| 49. | Assessment rate | × .20 |
| 50. STUDENT'S CONTRIBUTION FROM ASSETS | | = |

| EXPECTED FAMILY CONTRIBUTION | | |
|--|--|---|
| PARENTS' CONTRIBUTION (from line 28) | | |
| STUDENT'S CONTRIBUTION FROM AI (from line 44) | | |
| + | | |
| STUDENT'S CONTRIBUTION FROM ASSETS (from line 50) | | |
| + | | |
| 51. EXPECTED FAMILY CONTRIBUTION (standard contribution for nine-month enrollment)** If negative, enter zero. | | = |

*Do not include the student's home.

**To calculate the EFC for other than nine-month enrollment, see the next page.

SAM 2019-2020

Note: Use this additional page to prorate the EFC only if the student will be enrolled for other than nine months and only to determine the student's need for Campus-Based aid or a Federal Direct Subsidized Loan. Do not use this page to prorate the EFC for a Federal Pell Grant or TEACH Grant. The EFC for the Federal Pell Grant Program is the nine-month EFC used in conjunction with the cost of attendance to determine a Federal Pell Grant award from the Payment or Disbursement Schedule.

REGULAR
WORKSHEET
Page 3

A

Calculation of Parents' Contribution for a Student Enrolled LESS than Nine Months

| | | |
|--|---|---|
| A1. Parents' contribution (standard contribution for nine-month enrollment, from line 28) | | |
| A2. Divide by 9. | ÷ | 9 |
| A3. Parents' contribution per month | = | |
| A4. Multiply by number of months of enrollment. | × | |
| A5. Parents' contribution for LESS than nine-month enrollment | = | |

Calculation of Parents' Contribution for a Student Enrolled MORE than Nine Months

| | | |
|--|---|-------|
| B1. Parents' adjusted available income (AAI) (from line 25—may be a negative number) | | |
| B2. Difference between the income protection allowance for a family of four and a family of five, with one in college | + | 5,140 |
| B3. Alternate parents' AAI for more than nine-month enrollment (line B1 + line B2) | = | |
| B4. Total parents' contribution from alternate AAI (calculate using Table A6) | | |
| B5. Number in college (FAFSA/SAR #74) | ÷ | |
| B6. Alternate parents' contribution for student (line B4 divided by line B5) | = | |
| B7. Standard parents' contribution for the student for nine-month enrollment (from line 28) | - | |
| B8. Difference (line B6 minus line B7) | = | |
| B9. Divide line B8 by 12 months. | ÷ | 12 |
| B10. Parents' contribution per month | = | |
| B11. Number of months student will be enrolled that exceeds nine | × | |
| B12. Adjustment to parents' contribution for months that exceed nine (multiply line B10 by line B11) | = | |
| B13. Standard parents' contribution for nine-month enrollment (from line 28) | + | |
| B14. Parents' contribution for MORE than nine-month enrollment | = | |

Calculation of Student's Contribution from Available Income (AI) for a Student Enrolled LESS than Nine Months*

| | | |
|---|---|---|
| C1. Student's contribution from AI (standard contribution for nine-month enrollment, from line 44) | | |
| C2. Divide by 9. | ÷ | 9 |
| C3. Student's contribution from AI per month | = | |
| C4. Multiply by number of months of enrollment. | × | |
| C5. Student's contribution from AI for LESS than nine-month enrollment | = | |

*For students enrolled more than nine months, the standard contribution from AI is used (the amount from line 44).

Use next page to calculate total EFC for enrollment periods other than nine months.

SAM 2019-2020

REGULAR
WORKSHEET
Page 4

A

Calculation of Total Expected Family Contribution for Periods of Enrollment Other than Nine Months

| | | |
|--|---|--|
| Parents' Contribution—use ONE appropriate amount from previous page: <ul style="list-style-type: none"> • Enter amount from line A5 for enrollment periods less than nine months OR • Enter amount from line B14 for enrollment periods greater than nine months | | |
| Student's Contribution from Available Income—use ONE appropriate amount from previous page: <ul style="list-style-type: none"> • Enter amount from line C5 for enrollment periods less than nine months OR • Enter amount from line 44 for enrollment periods greater than nine months | + | |
| Student's Contribution from Assets <ul style="list-style-type: none"> • Enter amount from line 50 | + | |
| Expected Family Contribution for periods of enrollment other than nine months | = | |

SAM 2019-2020

2019–2020 EFC FORMULA **A**: DEPENDENT STUDENT

SIMPLIFIED
WORKSHEET
Page 1

A

| PARENTS' INCOME IN 2017 | |
|-------------------------|---|
| 1. | Parents' adjusted gross income (FAFSA/SAR #85) If negative, enter zero. |
| 2. | a. Parent 1 (father/mother/stepparent) income earned from work (FAFSA/SAR #88) |
| 2. | b. Parent 2 (father/mother/stepparent) income earned from work (FAFSA/SAR #89) + |
| | Total parents' income earned from work = |
| 3. | Taxable income (If tax filers, enter the amount from line 1 above. If non-tax filers, enter the amount from line 2.)* |
| 4. | Total untaxed income and benefits: (total of FAFSA/SAR #94a through 94i) + |
| 5. | Taxable and untaxed income (sum of line 3 and line 4) = |
| 6. | Total additional financial information (total of FAFSA/SAR #93a through 93f) - |
| 7. | TOTAL INCOME (line 5 minus line 6) May be a negative number. = |

| ALLOWANCES AGAINST PARENTS' INCOME | |
|------------------------------------|--|
| 8. | 2017 U.S. income tax paid (FAFSA/SAR#86) (tax filers only) If negative, enter zero. |
| 9. | State and other tax allowance (Table A1) If negative, enter zero. + |
| 10. | Parent 1 (father/mother/stepparent) Social Security tax allowance (Table A2) + |
| 11. | Parent 2 (father/mother/stepparent) Social Security tax allowance (Table A2) + |
| 12. | Income protection allowance (Table A3) + |
| 13. | Employment expense allowance: <ul style="list-style-type: none"> • Two working parents (Parents' Marital Status is "married" or "unmarried and both parents living together"): 35% of the lesser of the earned incomes, or \$4,000, whichever is less • One-parent families: 35% of earned income, or \$4,000, whichever is less • Two-parent families, one working parent: enter zero |
| 14. | TOTAL ALLOWANCES = |

*STOP HERE (at line 3) if the following are true:

Line 3 is \$26,000 or less **and**

- The parents are eligible to file a 2017 IRS Form 1040A or 1040EZ (that is, they are not required to file a 2017 Form 1040) or they are not required to file any income tax return or
- Anyone included in the parents' household size (as defined on the FAFSA) received benefits during 2017 or 2018 from any of the designated means-tested federal benefit programs or
- Either of the parents is a dislocated worker.

If these circumstances are true, the Expected Family Contribution is automatically zero.

| AVAILABLE INCOME | |
|---|---|
| TOTAL INCOME (from line 7) | |
| TOTAL ALLOWANCES (from line 14) | - |
| 15. AVAILABLE INCOME (AI) May be a negative number. | = |

| PARENTS' CONTRIBUTION FROM ASSETS | |
|-----------------------------------|---|
| 16. | Cash, savings, and checking (FAFSA/SAR #90) |
| 17. | Net worth of investments** (FAFSA/SAR #91) If negative, enter zero. + |
| 18. | Net worth of business and/or investment farm (FAFSA/SAR #92) If negative, enter zero. + |
| 19. | Adjusted net worth of business/farm (Calculate using Table A4.) + |
| 20. | Net worth (sum of lines 16, 17, and 19) = |
| 21. | Education savings and asset protection allowance (Table A5) - |
| 22. | Discretionary net worth (line 20 minus line 21) = |
| 23. | Asset conversion rate × |
| 24. | CONTRIBUTION FROM ASSETS If negative, enter zero. = |

| PARENTS' CONTRIBUTION | |
|---|--|
| AVAILABLE INCOME (AI) (from line 15) | |
| CONTRIBUTION FROM ASSETS (from line 24) | + |
| 25. | Adjusted available income (AAI) May be a negative number. = |
| 26. | Total parents' contribution from AAI (Calculate using Table A6.) If negative, enter zero. |
| 27. | Number in college in 2019–2020 (Exclude parents.) (FAFSA/SAR #74) + |
| 28. | PARENTS' CONTRIBUTION (standard contribution for nine-month enrollment)*** If negative, enter zero. = |

**Do *not* include the family's home.

***To calculate the parents' contribution for other than nine-month enrollment, see page 15.

Note: Do not complete the shaded areas; asset information is not required in the simplified formula.

Continued on the next page.

SAM 2019-2020

SIMPLIFIED
WORKSHEET
Page 2

A

| STUDENT'S INCOME IN 2017 | | |
|--|---|--|
| 29. Adjusted gross income (FAFSA/SAR #36) If negative, enter zero. | | |
| 30. Income earned from work (FAFSA/SAR #39) | | |
| 31. Taxable income (If tax filer, enter the amount from line 29 above. If non-tax filer, enter the amount from line 30.) | | |
| 32. Total untaxed income and benefits (total of FAFSA/SAR #45a through 45j) | + | |
| 33. Taxable and untaxed income (sum of line 31 and line 32) | = | |
| 34. Total additional financial information (total of FAFSA/SAR #44a through 44f) | - | |
| 35. TOTAL INCOME (line 33 minus line 34) May be a negative number. | = | |

| ALLOWANCES AGAINST STUDENT INCOME | | |
|---|---|-------|
| 36. 2017 U.S. income tax paid (FAFSA/SAR #37) (tax filers only) If negative, enter zero. | | |
| 37. State and other tax allowance (Table A7) If negative, enter zero. | + | |
| 38. Social Security tax allowance (Table A2) | + | |
| 39. Income protection allowance | + | 6,660 |
| 40. Allowance for parents' negative adjusted available income (If line 25 is negative, enter line 25 as a positive number in line 40. If line 25 is zero or positive, enter zero in line 40.) | + | |
| 41. TOTAL ALLOWANCES | = | |

| STUDENT'S CONTRIBUTION FROM INCOME | | |
|--|---|-----|
| TOTAL INCOME (from line 35) | | |
| TOTAL ALLOWANCES (from line 41) | - | |
| 42. Available income (AI) | = | |
| 43. Assessment of AI | × | .50 |
| 44. STUDENT'S CONTRIBUTION FROM AI If negative, enter zero. | = | |

| STUDENT'S CONTRIBUTION FROM ASSETS | | |
|--|---|--|
| 45. Cash, savings, and checking (FAFSA/SAR #41) | | |
| 46. Net worth of investments* (FAFSA/SAR #42) If negative, enter zero | + | |
| 47. Net worth of business and/or investment farm (FAFSA/SAR #43) If negative, enter zero. | + | |
| 48. Net worth (sum of lines 45 through 47) | = | |
| 49. Assessment rate | × | |
| 50. STUDENT'S CONTRIBUTION FROM ASSETS | = | |

| EXPECTED FAMILY CONTRIBUTION | | |
|---|---|--|
| PARENTS' CONTRIBUTION (from line 28) | | |
| STUDENT'S CONTRIBUTION FROM AI (from line 44) | + | |
| STUDENT'S CONTRIBUTION FROM ASSETS (from line 50) | + | |
| 51. EXPECTED FAMILY CONTRIBUTION (Standard contribution for nine-month enrollment)** If negative, enter zero. | = | |

*Do not include the student's home.

**To calculate the EFC for other than nine-month enrollment, see the next page.

Note: Do not complete the shaded areas; asset information is not required in the simplified formula.

SAM 2019-2020

Note: Use this additional page to prorate the EFC only if the student will be enrolled for other than nine months and only to determine the student's need for Campus-Based aid or a Federal Direct Subsidized Loan. Do not use this page to prorate the EFC for a Federal Pell Grant or TEACH Grant. The EFC for the Federal Pell Grant Program is the nine-month EFC used in conjunction with the cost of attendance to determine a Federal Pell Grant award from the Payment or Disbursement Schedule.

SIMPLIFIED
WORKSHEET
Page 3

A

| Calculation of Parents' Contribution for a Student Enrolled LESS than Nine Months | | |
|--|----------|---|
| A1. Parents' contribution (standard contribution for nine-month enrollment, from line 28) | | |
| A2. Divide by 9. | ÷ | 9 |
| A3. Parents' contribution per month | = | |
| A4. Multiply by number of months of enrollment. | × | |
| A5. Parents' contribution for LESS than nine-month enrollment | = | |

| Calculation of Parents' Contribution for a Student Enrolled MORE than Nine Months | | |
|---|----------|-------|
| B1. Parents' adjusted available income (AAI) (from line 25—may be a negative number) | | |
| B2. Difference between the income protection allowance for a family of four and a family of five, with one in college | + | 5,140 |
| B3. Alternate parents' AAI for more than nine-month enrollment (line B1 + line B2) | = | |
| B4. Total parents' contribution from alternate AAI (calculate using Table A6) | | |
| B5. Number in college (FAFSA/SAR #74) | ÷ | |
| B6. Alternate parents' contribution for student (line B4 divided by line B5) | = | |
| B7. Standard parents' contribution for the student for nine-month enrollment (from line 28) | - | |
| B8. Difference (line B6 minus line B7) | = | |
| B9. Divide line B8 by 12 months. | ÷ | 12 |
| B10. Parents' contribution per month | = | |
| B11. Number of months student will be enrolled that exceed nine | × | |
| B12. Adjustment to parents' contribution for months that exceed nine (Multiply line B10 by line B11.) | = | |
| B13. Standard parents' contribution for nine-month enrollment (from line 28) | + | |
| B14. Parents' contribution for MORE than nine-month enrollment | = | |

| Calculation of Student's Contribution from Available Income (AI) for a Student Enrolled LESS than Nine Months* | | |
|--|----------|---|
| C1. Student's contribution from AI (Standard contribution for nine-month enrollment, from line 44.) | | |
| C2. Divide by 9. | ÷ | 9 |
| C3. Student's contribution from AI per month | = | |
| C4. Multiply by number of months of enrollment. | × | |
| C5. Student's contribution from AI for LESS than nine-month enrollment | = | |

*For students enrolled more than nine months, the standard contribution from AI is used (the amount from line 44).

Use next page to calculate total EFC for enrollment periods other than nine months.

SAM 2019-2020

SIMPLIFIED
WORKSHEET
Page 4

A

Calculation of Total Expected Family Contribution for Periods of Enrollment Other than Nine Months

| | | |
|--|---|--|
| Parents' Contribution —use ONE appropriate amount from previous page: <ul style="list-style-type: none"> • Enter amount from line A5 for enrollment periods less than nine months OR • Enter amount from line B14 for enrollment periods greater than nine months. | | |
| Student's Contribution from Available Income —use ONE appropriate amount from previous page: <ul style="list-style-type: none"> • Enter amount from line C5 for enrollment periods less than nine months OR • Enter amount from line 44 for enrollment periods greater than nine months. | + | |
| Expected Family Contribution for periods of enrollment other than nine months | = | |

SAM 2019-2020

**Table A1: State and Other Tax Allowance
for EFC Formula A Worksheet (parents only)**

| State | Percent of Total Income | | State | Percent of Total Income | |
|--------------------------------|-------------------------|------------------|--------------------------|-------------------------|------------------|
| | \$0 - \$14,999 | \$15,000 or more | | \$0 - \$14,999 | \$15,000 or more |
| Alabama | 3% | 2% | Montana | 5% | 4% |
| Alaska | 2% | 1% | Nebraska | 5% | 4% |
| American Samoa | 3% | 2% | Nevada | 2% | 1% |
| Arizona | 4% | 3% | New Hampshire | 4% | 3% |
| Arkansas | 4% | 3% | New Jersey | 9% | 8% |
| California | 8% | 7% | New Mexico | 3% | 2% |
| Canada and Canadian Provinces | 3% | 2% | New York | 9% | 8% |
| Colorado | 4% | 3% | North Carolina | 5% | 4% |
| Connecticut | 9% | 8% | North Dakota | 2% | 1% |
| Delaware | 5% | 4% | Northern Mariana Islands | 3% | 2% |
| District of Columbia | 7% | 6% | Ohio | 5% | 4% |
| Federated States of Micronesia | 3% | 2% | Oklahoma | 3% | 2% |
| Florida | 3% | 2% | Oregon | 7% | 6% |
| Georgia | 5% | 4% | Palau | 3% | 2% |
| Guam | 3% | 2% | Pennsylvania | 5% | 4% |
| Hawaii | 5% | 4% | Puerto Rico | 3% | 2% |
| Idaho | 5% | 4% | Rhode Island | 6% | 5% |
| Illinois | 5% | 4% | South Carolina | 4% | 3% |
| Indiana | 4% | 3% | South Dakota | 2% | 1% |
| Iowa | 5% | 4% | Tennessee | 2% | 1% |
| Kansas | 4% | 3% | Texas | 3% | 2% |
| Kentucky | 5% | 4% | Utah | 5% | 4% |
| Louisiana | 3% | 2% | Vermont | 6% | 5% |
| Maine | 6% | 5% | Virgin Islands | 3% | 2% |
| Marshall Islands | 3% | 2% | Virginia | 6% | 5% |
| Maryland | 8% | 7% | Washington | 3% | 2% |
| Massachusetts | 7% | 6% | West Virginia | 3% | 2% |
| Mexico | 3% | 2% | Wisconsin | 6% | 5% |
| Michigan | 4% | 3% | Wyoming | 2% | 1% |
| Minnesota | 6% | 5% | Blank or Invalid State | 3% | 2% |
| Mississippi | 3% | 2% | Other | 3% | 2% |
| Missouri | 4% | 3% | | | |

To calculate the state and other tax allowance (EFC Formula A Worksheet, line 9), multiply the parents' total income (EFC Formula A Worksheet, line 7) by the appropriate percentage from the table above. Use the parents' state of legal residence (FAFSA/SAR #70). If this item is blank or invalid, use the student's state of legal residence (FAFSA/SAR #18). If both items are blank or invalid, use the state in the student's mailing address (FAFSA/SAR #6). If all three items are blank or invalid, use the percentage for a blank or invalid state above.

SAM 2019-2020

| Table A2: Social Security Tax | |
|---|---|
| Income Earned from Work* | Social Security Tax |
| \$0 – \$127,200 | 7.65% of income |
| \$127,201 or greater | \$9,730.80 + 1.45% of amount over \$127,200 |
| <p>*Calculate separately the Social Security tax of parent 1, parent 2, and the student.</p> <p>Parent 1 (father/mother/stepparent) 2017 income earned from work is FAFSA/SAR #88. Parent 2 (father/mother/stepparent) 2017 income earned from work is FAFSA/SAR #89. Student's 2017 income earned from work is FAFSA/SAR #39. Social Security tax will never be less than zero.</p> | |

| Table A3: Income Protection Allowance | | | | | |
|--|---|----------|----------------|----------------|----------------|
| Number in parents' household, including student (FAFSA/SAR #73) | Number of college students in the household (FAFSA/SAR #74) | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 2 | \$18,580 | \$15,400 | not applicable | not applicable | not applicable |
| 3 | \$23,140 | \$19,980 | \$16,800 | not applicable | not applicable |
| 4 | \$28,580 | \$25,400 | \$22,240 | \$19,060 | not applicable |
| 5 | \$33,720 | \$30,540 | \$27,380 | \$24,200 | \$21,040 |
| 6 | \$39,430 | \$36,260 | \$33,100 | \$29,920 | \$26,760 |
| <p>Note: For each additional household member, add \$4,450. For each additional college student (except parents), subtract \$3,160.</p> | | | | | |

| Table A4: Business/Farm Net Worth Adjustment for EFC Formula A Worksheet (parents only) | |
|--|--|
| If the net worth of a business or farm is— | Then the adjusted net worth is— |
| Less than \$1 | \$0 |
| \$1 to \$130,000 | 40% of net worth of business/farm |
| \$130,001 to \$395,000 | \$52,000 + 50% of net worth over \$130,000 |
| \$395,001 to \$660,000 | \$184,500 + 60% of net worth over \$395,000 |
| \$660,001 or more | \$343,500 + 100% of net worth over \$660,000 |

SAM 2019-2020

| Table A5: Parents' Education Savings and Asset Protection Allowance for EFC Formula A Worksheet (parents only) | | | | | |
|--|---|--|--|---|--|
| <i>Age of older parent as of 12/31/2019*</i> | <i>Allowance if there are two parents**</i> | <i>Allowance if there is only one parent</i> | <i>Age of older parent as of 12/31/2019*</i> | <i>Allowance if there are two parents**</i> | <i>Allowance if there is only one parent</i> |
| 25 or less | \$0 | \$0 | 46 | \$11,400 | \$6,000 |
| 26 | 700 | 300 | 47 | 11,600 | 6,100 |
| 27 | 1,300 | 700 | 48 | 11,900 | 6,200 |
| 28 | 2,000 | 1,000 | 49 | 12,200 | 6,400 |
| 29 | 2,600 | 1,400 | 50 | 12,500 | 6,500 |
| 30 | 3,300 | 1,700 | 51 | 12,900 | 6,700 |
| 31 | 4,000 | 2,100 | 52 | 13,200 | 6,800 |
| 32 | 4,600 | 2,400 | 53 | 13,500 | 7,000 |
| 33 | 5,300 | 2,800 | 54 | 13,900 | 7,200 |
| 34 | 5,900 | 3,100 | 55 | 14,300 | 7,300 |
| 35 | 6,600 | 3,500 | 56 | 14,700 | 7,500 |
| 36 | 7,300 | 3,800 | 57 | 15,100 | 7,700 |
| 37 | 7,900 | 4,200 | 58 | 15,500 | 7,900 |
| 38 | 8,600 | 4,500 | 59 | 15,900 | 8,100 |
| 39 | 9,200 | 4,900 | 60 | 16,400 | 8,300 |
| 40 | 9,900 | 5,200 | 61 | 16,800 | 8,500 |
| 41 | 10,100 | 5,300 | 62 | 17,300 | 8,800 |
| 42 | 10,400 | 5,500 | 63 | 17,800 | 9,000 |
| 43 | 10,600 | 5,600 | 64 | 18,300 | 9,200 |
| 44 | 10,900 | 5,700 | 65 or older | 18,900 | 9,500 |
| 45 | 11,100 | 5,800 | | | |

* Determine the age of the older parent listed in FAFSA/SAR #64 and #68 as of 12/31/2019. If no parent date of birth is provided, use age 45.

** Use the two parent allowance when the parents' marital status listed in FAFSA/SAR #59 is "Married or remarried" or "Unmarried and both legal parents living together."

| Table A6: Parents' Contribution from AAI | |
|---|--|
| If the parents' AAI is — | Then the parents' contribution from AAI is— |
| Less than -\$3,409 | -\$750 |
| \$-3,409 to \$16,600 | 22% of AAI |
| \$16,601 to \$20,800 | \$3,652 + 25% of AAI over \$16,600 |
| \$20,801 to \$25,100 | \$4,702 + 29% of AAI over \$20,800 |
| \$25,101 to \$29,300 | \$5,949 + 34% of AAI over \$25,100 |
| \$29,301 to \$33,600 | \$7,377 + 40% of AAI over \$29,300 |
| \$33,601 or more | \$9,097 + 47% of AAI over \$33,600 |

SAM 2019-2020

**Table A7: State and Other Tax Allowance
for EFC Formula A Worksheet (student only)**

| State | Percent | State | Percent |
|--------------------------------|---------|--------------------------|---------|
| Alabama | 2% | Montana | 3% |
| Alaska | 0% | Nebraska | 3% |
| American Samoa | 2% | Nevada | 1% |
| Arizona | 2% | New Hampshire | 1% |
| Arkansas | 3% | New Jersey | 5% |
| California | 6% | New Mexico | 2% |
| Canada and Canadian Provinces | 2% | New York | 7% |
| Colorado | 3% | North Carolina | 3% |
| Connecticut | 5% | North Dakota | 1% |
| Delaware | 3% | Northern Mariana Islands | 2% |
| District of Columbia | 6% | Ohio | 3% |
| Federated States of Micronesia | 2% | Oklahoma | 2% |
| Florida | 1% | Oregon | 5% |
| Georgia | 3% | Palau | 2% |
| Guam | 2% | Pennsylvania | 3% |
| Hawaii | 4% | Puerto Rico | 2% |
| Idaho | 3% | Rhode Island | 4% |
| Illinois | 3% | South Carolina | 3% |
| Indiana | 3% | South Dakota | 1% |
| Iowa | 3% | Tennessee | 1% |
| Kansas | 2% | Texas | 1% |
| Kentucky | 4% | Utah | 3% |
| Louisiana | 2% | Vermont | 3% |
| Maine | 3% | Virgin Islands | 2% |
| Marshall Islands | 2% | Virginia | 4% |
| Maryland | 6% | Washington | 1% |
| Massachusetts | 4% | West Virginia | 3% |
| Mexico | 2% | Wisconsin | 4% |
| Michigan | 3% | Wyoming | 1% |
| Minnesota | 5% | Blank or Invalid State | 2% |
| Mississippi | 2% | Other | 2% |
| Missouri | 3% | | |

To calculate the state and other tax allowance (EFC Formula A Worksheet, line 37), multiply the student's total income (EFC Formula A Worksheet, line 35) by the appropriate percentage from the table above. Use the student's state of legal residence (FAFSA/SAR #18). If this item is blank or invalid, use the state in the student's mailing address (FAFSA/SAR #6). If both items are blank or invalid, use the parents' state of legal residence (FAFSA/SAR #70). If all three items are blank or invalid, use the percentage for a blank or invalid state above.

SAM 2019-2020

EFC Formula for Independent Students without Dependent(s) Other Than a Spouse – Worksheet B - (Regular and Simplified)

The **Regular Independent Student without Dependent(s) EFC Formula** calculates the EFC by summing the two final components listed below and then dividing by the number in college. As is evident on the EFC worksheets the components are derived through the process of determining applicable income and assets as part of the larger calculation.

Final Components:

- The student's contribution from available income (AI)
- The student's contribution from assets.

Equation: Student's Contribution from AI + Student Contribution from Assets / Number in college = EFC

- **Student's Contribution from AI** is determined by the following steps:
 1. Determine Total Student/Spouse Income
 2. Determine Allowances Against Student/Spouse Income
 3. Determine Available Income
 4. Multiply by the EFC formula's predefined assessment rate

1. Determining Total Income

Total income is determined by summing the total taxed and untaxed income of the student and spouse (if married) and subtracting additional financial information (questions 44a-44f) that is reportable on the FAFSA.

Equation: Student and Spouse Income from work + Student and Spouse Untaxed Income – Additional Financial Information = Total Income

2. Determining Allowances against Student/Spouse Income

Allowances against student income include:

- income taxes paid,
- state tax allowance (Table B1),
- student and spouse (if married) Social Security tax (Table B2)
- A predefined Income Protection allowance (IPA) of:
 - \$10,360 for single, divorced/separated or widowed students or if the student is married and the spouse is enrolled at least ½ time
- OR
- \$16,620 for married student if spouse is not enrolled at least ½ time
- An Employment Expense Allowance (EEA) of:
 - \$0 if the student is unmarried or married but only one person is working
- OR
- 35% of the lesser of two earned incomes or \$4,000 (whichever is less) if the student is married and both parties are working

All of the above allowances as they apply to each student's circumstances are summed to equal the total allowances.

Equation: Income taxes paid + allowances from Table B1 + allowances from Table B2 + IPA as applicable by marital status and spousal college enrollment + EEA as applicable by marital status = Total Allowances

SAM 2019-2020

3. Determining Available Income

AI is determined by taking the Total Income and subtracting the Total Allowances.

Equation: Total Income + Total Allowances = AI

4. Assessment rate and the Student's Contribution from AI

The AI is multiplied by the predefined assessment rate of 50% to determine the student/spouse contribution from AI.

Equation: AI X .5 = Student's contribution from AI.

NOTE: The student's contribution from available income can be a negative number.

- **Student's/Spouse's Contribution from Assets** is determined by the following steps:
- A. Cash/savings, net worth of investments, and adjusted net worth of business/farm (calculated by Table B3) is summed to obtain the Net Worth.
 - **Equation:** Cash + Investment Net Worth + Adjusted Net Worth of business/farm = Net Worth
 - B. The asset protection allowance in Table B4 is then subtracted from the Net Worth to yield the Discretionary Net Worth. The asset protection allowance varies depending on the student's age and marital status with a higher allowance for married students.
 - **Equation:** Net Worth – Asset Protection Allowance (calculated in Table B4) = Discretionary Net Worth
 - C. This is then multiplied by a 20% asset conversion rate to produce the student's/spouse's contribution from Assets.
 - **Equation:** Discretionary Net Worth X .2 = Student's/Spouse's Contribution from Assets.

If the contribution from assets is negative then it is considered as zero. In the simplified formula, the student's/spouse's assets are excluded from the calculation.

The **Simplified Independent Student without dependents other than spouse EFC Formula** is similar to the regular EFC formula except that the asset information for the student and spouse is excluded from the calculation. For the 2019-2020 award year an independent student qualifies for the simplified EFC formula if both of the following two conditions are met:

1. Anyone included in the **students'** FAFSA defined household size received benefits during 2017 or 2018 from any of the designated means-tested federal benefit programs such as:
 - Medicaid
 - Supplemental Security Income (SSI)
 - Supplemental Nutrition Assistance Program (SNAP formerly Food Stamp program)
 - Free Reduced Price School Lunch
 - Temporary Assistance for Needy Families (TANF) (–This program may have a different name depending on the state the parents reside in)
 - Special Supplemental Nutrition Program for Women Infants and Children (WIC)
- OR**
2. The student and student's spouse (if the student is married) **BOTH:**
 - filed or were eligible to file a 2017 IRS Form 1040A or 1040EZ (included in this are also a Puerto Rican and other U.S. territories tax returns)

SAM 2019-2020

- filed a 2017 IRS form 1040 but were not required to do so or if the student/spouse filed a 1040 solely to claim an educational credit they meet this criteria (for criteria defining who is required to file a form 1040 please see chapter 4 of this manual)
- were not required to file any income tax return

OR

3. The student (or the student's spouse, if any) is a dislocated worker

AND

4. The combined 2017 AGI (or income earned from work for non-tax filers) of the student and the student's spouse if married was \$49,999 or less. For non-tax filers the combined income on form(s) W-2 must be \$49,999 or less.

EFC Calculation for Enrollment Periods Other Than 9 Months

The law specifies that the EFC of an independent student must be modified for enrollment periods greater or lesser than 9-months. For periods of less than nine (9) months, the EFC is simply pro-rated by dividing it by nine (9) and then multiplying the result by the number of months the student will be enrolled. For periods greater than nine (9) months, the EFC remains the same as for nine (9) months

Automatic Zero EFC

Independent students without dependents other than spouse do not qualify for the automatic zero EFC.

The following 6 pages contain the EFC Formula B Worksheets and tables – Independent student without dependent(s) other than spouse EFC formula.

SAM 2019-2020

2019–2020 EFC FORMULA **B**: INDEPENDENT STUDENT Without Dependent(s) Other than a Spouse

REGULAR
WORKSHEET
Page 1

B

| STUDENT/SPOUSE INCOME IN 2017 | |
|---|---------|
| 1. Student's and spouse's adjusted gross income (FAFSA/SAR #36) If negative, enter zero. | = |
| 2. a. Student's income earned from work (FAFSA/SAR #39) | _____ |
| 2. b. Spouse's income earned from work (FAFSA/SAR #40) | + _____ |
| Total student/spouse income earned from work = | = |
| 3. Taxable income (If tax filers, enter the amount from line 1 above. If non-tax filers, enter the amount from line 2.) | = |
| 4. Total untaxed income and benefits (total of FAFSA/SAR #45a through 45j) | + _____ |
| 5. Taxable and untaxed income (sum of line 3 and line 4) | = _____ |
| 6. Total additional financial information (total of FAFSA/SAR #44a through 44f) | - _____ |
| 7. TOTAL INCOME (line 5 minus line 6) May be a negative number. | = _____ |

| ALLOWANCES AGAINST STUDENT/SPOUSE INCOME | |
|--|---------|
| 8. 2017 U.S. income tax paid (FAFSA/SAR #37) (tax filers only) If negative, enter zero. | = |
| 9. State and other tax allowance (Table B1) If negative, enter zero. | + _____ |
| 10. Student's Social Security tax (Table B2) | + _____ |
| 11. Spouse's Social Security tax (Table B2) | + _____ |
| 12. Income protection allowance: <ul style="list-style-type: none"> • \$10,360 for single, separated or divorced/widowed student; • \$10,360 for married student if spouse is enrolled at least half time; • \$16,620 for married student if spouse is not enrolled at least half time. | + _____ |
| 13. Employment expense allowance: <ul style="list-style-type: none"> • If student is not married or is separated, the allowance is zero. • If student is married but only one person is working (the student or spouse), the allowance is zero. • If student is married and both student and spouse are working, the allowance is 35% of the lesser of the earned incomes, or \$4,000, whichever is less. | + _____ |
| 14. TOTAL ALLOWANCES | = _____ |

| CONTRIBUTION FROM AVAILABLE INCOME | |
|---|---------|
| TOTAL INCOME (from line 7) | = _____ |
| TOTAL ALLOWANCES (from line 14) | - _____ |
| 15. Available Income (AI) | = _____ |
| 16. Assessment rate | × .50 |
| 17. CONTRIBUTION FROM AI May be a negative number. | = _____ |

| STUDENT'S/SPOUSE'S CONTRIBUTION FROM ASSETS | |
|---|---------|
| 18. Cash, savings, and checking (FAFSA/SAR #41) | = _____ |
| 19. Net worth of investments* (FAFSA/SAR #42) If negative, enter zero. | + _____ |
| 20. Net worth of business and/or investment farm (FAFSA/SAR #43) If negative, enter zero. | + _____ |
| 21. Adjusted net worth of business/farm (Calculate using Table B3.) | + _____ |
| 22. Net worth (sum of lines 18, 19, and 21) | = _____ |
| 23. Asset protection allowance (Table B4) | - _____ |
| 24. Discretionary net worth (line 22 minus line 23) | = _____ |
| 25. Asset conversion rate | × .20 |
| 26. CONTRIBUTION FROM ASSETS If negative, enter zero. | = _____ |

| EXPECTED FAMILY CONTRIBUTION | |
|---|---------|
| CONTRIBUTION FROM AI (from line 17) May be a negative number. | = _____ |
| CONTRIBUTION FROM ASSETS (from line 26) | + _____ |
| 27. Contribution from AI and assets | = _____ |
| 28. Number in college in 2019–2020 (FAFSA/SAR #96) | + _____ |
| 29. EXPECTED FAMILY CONTRIBUTION for nine-month enrollment. If negative, enter zero.** | = _____ |

*Do not include the student's home.

**To calculate the EFC for less than nine-month enrollment, see the next page. If the student is enrolled for more than nine months, use the nine-month EFC (line 29 above).

SAM 2019-2020

Note: Use this additional page to prorate the EFC only if the student will be enrolled for other than nine months and only to determine the student's need for Campus-Based aid or a Federal Direct Subsidized Loan. Do not use this page to prorate the EFC for a Federal Pell Grant or TEACH Grant. The EFC for the Federal Pell Grant Program is the nine-month EFC used in conjunction with the cost of attendance to determine a Federal Pell Grant award from the Payment or Disbursement Schedule.

REGULAR
WORKSHEET
Page 2

B

| Calculation of Expected Family Contribution for a Student Enrolled for Less than Nine Months | | |
|---|---|---|
| Expected Family Contribution (standard contribution for nine-month enrollment, from line 29) | | |
| Divide by 9. | ÷ | 9 |
| Expected Family Contribution per month | = | |
| Multiply by number of months of enrollment. | × | |
| Expected Family Contribution for less than nine-month enrollment* | = | |

*Substitute the student's EFC for less than nine-month enrollment in place of the EFC for the standard nine-month enrollment (EFC Formula B Worksheet, line 29).

SAM 2019-2020

2019–2020 EFC FORMULA **B**: INDEPENDENT STUDENT Without Dependent(s) Other than a Spouse

SIMPLIFIED
WORKSHEET
Page 1

B

| STUDENT/SPOUSE INCOME IN 2017 | |
|---|----------|
| 1. Student's and spouse's adjusted gross income (FAFSA/SAR #36) If negative, enter zero. | |
| 2. a. Student's income earned from work (FAFSA/SAR #39) | |
| 2. b. Spouse's income earned from work (FAFSA/SAR #40) | |
| Total student/spouse income earned from work = | |
| 3. Taxable income (If tax filers, enter the amount from line 1 above. If non-tax filers, enter the amount from line 2.) | |
| 4. Total untaxed income and benefits (total of FAFSA/SAR #45a through 45j) | + |
| 5. Taxable and untaxed income (sum of line 3 and line 4) | = |
| 6. Total additional financial information (total of FAFSA/SAR #44a through 44f) | - |
| 7. TOTAL INCOME (line 5 minus line 6) May be a negative number. | = |

| ALLOWANCES AGAINST STUDENT/SPOUSE INCOME | |
|--|----------|
| 8. 2017 U.S. income tax paid (FAFSA/SAR #37) (tax filers only) If negative, enter zero. | |
| 9. State and other tax allowance (Table B1) If negative, enter zero. | + |
| 10. Student's Social Security tax (Table B2) | + |
| 11. Spouse's Social Security tax (Table B2) | + |
| 12. Income protection allowance: <ul style="list-style-type: none"> • \$10,360 for single, separated or divorced/widowed student; • \$10,360 for married student if spouse is enrolled at least half time; • \$16,620 for married student if spouse is not enrolled at least half time. | + |
| 13. Employment expense allowance: <ul style="list-style-type: none"> • If student is not married or is separated, the allowance is zero. • If student is married but only one person is working (the student or spouse), the allowance is zero. • If student is married and both student and spouse are working, the allowance is 35% of the lesser of the earned incomes, or \$4,000, whichever is less. | + |
| 14. TOTAL ALLOWANCES | = |

| CONTRIBUTION FROM AVAILABLE INCOME | |
|---|----------|
| TOTAL INCOME (from line 7) | |
| TOTAL ALLOWANCES (from line 14) | - |
| 15. Available Income (AI) | = |
| 16. Assessment rate | × .50 |
| 17. CONTRIBUTION FROM AI May be a negative number. | = |

| STUDENT'S/SPOUSE'S CONTRIBUTION FROM ASSETS | |
|---|----------|
| 18. Cash, savings, and checking (FAFSA/SAR #41) | |
| 19. Net worth of investments* (FAFSA/SAR #42) If negative, enter zero. | + |
| 20. Net worth of business and/or investment farm (FAFSA/SAR #43) If negative, enter zero. | + |
| 21. Adjusted net worth of business/farm (Calculate using Table B3.) | + |
| 22. Net worth (sum of lines 18, 19, and 21) | = |
| 23. Asset protection allowance (Table B4) | - |
| 24. Discretionary net worth (line 22 minus line 23) | = |
| 25. Asset conversion rate | × |
| 26. CONTRIBUTION FROM ASSETS If negative, enter zero. | = |

| EXPECTED FAMILY CONTRIBUTION | |
|---|----------|
| CONTRIBUTION FROM AI (from line 17) May be a negative number. | |
| CONTRIBUTION FROM ASSETS (from line 26) | + |
| 27. Contribution from AI and assets | = |
| 28. Number in college in 2019–2020 (FAFSA/SAR #96) | ÷ |
| 29. EXPECTED FAMILY CONTRIBUTION for nine-month enrollment. If negative, enter zero.** | = |

*Do not include the student's home.

**To calculate the EFC for less than nine-month enrollment, see the next page. If the student is enrolled for more than nine months, use the nine-month EFC (line 29 above).

Note: Do not complete the shaded areas; asset information is not required in the simplified formula.

SAM 2019-2020

Note: Use this additional page to prorate the EFC only if the student will be enrolled for other than nine months and only to determine the student's need for Campus-Based aid or a Federal Direct Subsidized Loan. Do not use this page to prorate the EFC for a Federal Pell Grant or TEACH Grant. The EFC for the Federal Pell Grant Program is the nine-month EFC used in conjunction with the cost of attendance to determine a Federal Pell Grant award from the Payment or Disbursement Schedule.

SIMPLIFIED
WORKSHEET
Page 2

B

| Calculation of Expected Family Contribution for a Student Enrolled for Less than Nine Months | | |
|---|---|---|
| Expected Family Contribution (standard contribution for nine-month enrollment, from line 29) | | |
| Divide by 9. | ÷ | 9 |
| Expected Family Contribution per month | = | |
| Multiply by number of months of enrollment. | × | |
| Expected Family Contribution for less than nine-month enrollment* | = | |

*Substitute the student's EFC for less than nine-month enrollment in place of the EFC for the standard nine-month enrollment (EFC Formula B Worksheet, line 29.)

SAM 2019-2020

Table B1: State and Other Tax Allowance

| State | Percent | State | Percent |
|--------------------------------|---------|--------------------------|---------|
| Alabama | 2% | Montana | 3% |
| Alaska | 0% | Nebraska | 3% |
| American Samoa | 2% | Nevada | 1% |
| Arizona | 2% | New Hampshire | 1% |
| Arkansas | 3% | New Jersey | 5% |
| California | 6% | New Mexico | 2% |
| Canada and Canadian Provinces | 2% | New York | 7% |
| Colorado | 3% | North Carolina | 3% |
| Connecticut | 5% | North Dakota | 1% |
| Delaware | 3% | Northern Mariana Islands | 2% |
| District of Columbia | 6% | Ohio | 3% |
| Federated States of Micronesia | 2% | Oklahoma | 2% |
| Florida | 1% | Oregon | 5% |
| Georgia | 3% | Palau | 2% |
| Guam | 2% | Pennsylvania | 3% |
| Hawaii | 4% | Puerto Rico | 2% |
| Idaho | 3% | Rhode Island | 4% |
| Illinois | 3% | South Carolina | 3% |
| Indiana | 3% | South Dakota | 1% |
| Iowa | 3% | Tennessee | 1% |
| Kansas | 2% | Texas | 1% |
| Kentucky | 4% | Utah | 3% |
| Louisiana | 2% | Vermont | 3% |
| Maine | 3% | Virgin Islands | 2% |
| Marshall Islands | 2% | Virginia | 4% |
| Maryland | 6% | Washington | 1% |
| Massachusetts | 4% | West Virginia | 3% |
| Mexico | 2% | Wisconsin | 4% |
| Michigan | 3% | Wyoming | 1% |
| Minnesota | 5% | Blank or Invalid State | 2% |
| Mississippi | 2% | Other | 2% |
| Missouri | 3% | | |

To calculate the state and other tax allowance (EFC Formula B Worksheet, line 9), multiply the total income of the student and spouse (EFC Formula B Worksheet, line 7) by the appropriate percentage from the table above. Use the student's state of legal residence (FAFSA/SAR #18). If this item is blank or invalid, use the state in the student's mailing address (FAFSA/SAR #6). If both items are blank or invalid, use the percentage rate for a blank or invalid state above.

SAM 2019-2020

| Table B2: Social Security Tax | |
|---|---|
| Income Earned from Work* | Social Security Tax |
| \$0 – \$127,200 | 7.65% of income |
| \$127,201 or greater | \$9,730.80 + 1.45% of amount over \$127,200 |
| <p>*Calculate separately the Social Security tax of the student and spouse. Student's 2017 income earned from work is FAFSA/SAR #39. Spouse's 2017 income earned from work is FAFSA/SAR #40. Social Security tax will never be less than zero.</p> | |

| Table B3: Business/Farm Net Worth Adjustment | |
|---|--|
| If the net worth of a business or farm is— | Then the adjusted net worth is— |
| Less than \$1 | \$0 |
| \$1 to \$130,000 | 40% of net worth of business/farm |
| \$130,001 to \$395,000 | \$52,000 + 50% of net worth over \$130,000 |
| \$395,001 to \$660,000 | \$184,500 + 60% of net worth over \$395,000 |
| \$660,001 or more | \$343,500 + 100% of net worth over \$660,000 |

| Table B4: Asset Protection Allowance | | | | | |
|---|--------------------------------------|--|---|--------------------------------------|--|
| <i>Age of Student as of 12/31/2019*</i> | <i>Allowance for Married Student</i> | <i>Allowance for Unmarried Student</i> | <i>Age of Student as of 12/31/2019*</i> | <i>Allowance for Married Student</i> | <i>Allowance for Unmarried Student</i> |
| 25 or less | \$0 | \$0 | 46 | \$11,400 | \$6,000 |
| 26 | 700 | 300 | 47 | 11,600 | 6,100 |
| 27 | 1,300 | 700 | 48 | 11,900 | 6,200 |
| 28 | 2,000 | 1,000 | 49 | 12,200 | 6,400 |
| 29 | 2,600 | 1,400 | 50 | 12,500 | 6,500 |
| 30 | 3,300 | 1,700 | 51 | 12,900 | 6,700 |
| 31 | 4,000 | 2,100 | 52 | 13,200 | 6,800 |
| 32 | 4,600 | 2,400 | 53 | 13,500 | 7,000 |
| 33 | 5,300 | 2,800 | 54 | 13,900 | 7,200 |
| 34 | 5,900 | 3,100 | 55 | 14,300 | 7,300 |
| 35 | 6,600 | 3,500 | 56 | 14,700 | 7,500 |
| 36 | 7,300 | 3,800 | 57 | 15,100 | 7,700 |
| 37 | 7,900 | 4,200 | 58 | 15,500 | 7,900 |
| 38 | 8,600 | 4,500 | 59 | 15,900 | 8,100 |
| 39 | 9,200 | 4,900 | 60 | 16,400 | 8,300 |
| 40 | 9,900 | 5,200 | 61 | 16,800 | 8,500 |
| 41 | 10,100 | 5,300 | 62 | 17,300 | 8,800 |
| 42 | 10,400 | 5,500 | 63 | 17,800 | 9,000 |
| 43 | 10,600 | 5,600 | 64 | 18,300 | 9,200 |
| 44 | 10,900 | 5,700 | 65 or older | 18,900 | 9,500 |
| 45 | 11,100 | 5,800 | | | |
| * Determine the student's age as of 12/31/2019 from the student's date of birth (FAFSA/SAR #9). | | | | | |

EFC Formula for Independent Students with Dependents Other Than a Spouse (Regular and Simplified) – Worksheet C

The **Regular Independent Student with Dependent(s) other than spouse** EFC Formula calculates the EFC by summing the student's Available Income (AI) and the student's contribution from assets to determine Adjusted Available Income (AAI). Then EFC formula Table C6 is used to determine the total contribution from AAI (Table C6 uses predefined dollar amounts and percentages based on the defined AAI ranges) and then the AAI is divided by the number in college. As is evident on the EFC worksheets the components are derived through the process of determining applicable income and assets as part of the larger calculation. Each of the final EFC components are derived through their own series of calculations as will be shown below.

Final EFC Components:

- The student's available income (AI)
- The student's contribution from assets.

Equation: Student's AI + Contribution from Assets = AAI modified by Table C6 /Number in college = EFC

- **Student's Contribution from AI** is determined by the following steps:
 1. Determine Total Student/Spouse Income
 2. Determine Allowances Against Student/Spouse Income
 3. Determine Available Income

1. Determining Total Income

Total income is determined by summing the total taxed and untaxed income of the student and spouse (if married) and subtracting additional financial information that is reportable on the FAFSA.

Equation: Student and Spouse Income from Work + Student and Spouse Untaxed Income – Additional Financial Information = Total Income

2. Determining Allowances against Student/Spouse Income

Allowances against student income include:

- income taxes paid
 - state tax allowance (Table B1)
 - student and spouse (if married) Social Security tax (Table B2)
 - A predefined Income Protection allowance (IPA) of:
 - \$10,360 for single, divorced/separated or widowed students or if the student is married and the spouse is enrolled at least ½ time
- OR
- \$16,620 for married student if spouse is not enrolled at least ½ time
 - An Employment Expense Allowance (EEA) of:
 - \$0 if the student is unmarried or married but only one person is working
- OR

SAM 2019-2020

- 35% of the lesser of two earned incomes or \$4,000 (whichever is less) if the student is married and both parties are working

All of the above allowances as they apply to each student's circumstances are summed to equal the total allowances.

Equation: Income taxes paid + allowances from Table B1 + allowances from Table B2 + IPA as applicable by marital status and spousal college enrollment + EEA as applicable by marital status = Total Allowances

3. Determining Available Income

AI is determined by taking the Total Income and subtracting the Total Allowances.

Equation: Total Income + Total Allowances = AI

NOTE: The student's contribution from available income can be a negative number.

Student's/Spouse's Contribution from Assets is determined by the following steps:

Cash/savings, net worth of investments, and adjusted net worth of business/farm (calculated by Table B3) is summed to obtain the Net Worth.

- **Equation:** Cash + Investment Net Worth + Adjusted Net Worth of business/farm = Net Worth

The Asset protection allowance in Table B4 is then subtracted from the Net Worth to yield the Discretionary Net worth. The asset protection allowance varies depending on the student's age and marital status with a higher allowance for married students.

- **Equation:** Net Worth – Asset Protection Allowance (calculated in Table B4) = Discretionary Net Worth

This is then multiplied by a 7% asset conversion rate to produce the student's/spouse's contribution from Assets.

- **Equation:** Discretionary Net Worth X .07 = Student's/Spouse's Contribution from Assets.

The **Simplified Independent Student with dependents other than spouse EFC Formula** is similar to the regular EFC formula except that the asset information for the student and spouse is excluded from the calculation. For the 2019-2020 award year an independent student qualifies for the simplified EFC formula if both of the following two conditions are met:

Anyone included in the **students'** FAFSA defined household size received benefits during 2017 or 2018 from any of the designated means-tested federal benefit programs such as:

- Medicaid

SAM 2019-2020

- Supplemental Security Income (SSI)
- Supplemental Nutrition Assistance Program (SNAP formerly Food Stamp program)
- Free and Reduced Price School Lunch
- Temporary Assistance for Needy Families (TANF) (This program may have a different name depending on the state the parents reside in)
- Special Supplemental Nutrition Program for Women Infants and Children (WIC)

OR

The student and student's spouse (if the student is married) **BOTH**:

- filed or were eligible to file a 2017 IRS Form 1040A or 1040EZ (included in this are also a Puerto Rican and other U.S. territories tax returns)
- filed a 2017 IRS form 1040 but were not required to do so or if the student/spouse filed a 1040 solely to claim an educational credit they meet these criteria (for criteria defining who is required to file a form 1040 please see chapter 4 of this manual)
- were not required to file any income tax return,

OR

The student (or the student's spouse, if any) is a dislocated worker,

AND

The combined 2017 AGI (or income earned from work for non-tax filers) of the student and the student's spouse if married was \$49,999 or less. For non-tax filers the combined income on form(s) W-2 must be \$49,999 or less.

Alternate EFCs

The law specifies that the EFC of an independent student must be modified for enrollment periods greater or lesser than 9-months. For periods of less than nine (9) months, the EFC is simply pro-rated by dividing it by nine (9) and then multiplying the result by the number of months the student will be enrolled. For periods greater than nine (9) months, the EFC remains the same as for nine (9) months.

Automatic Zero EFC

For the 2019-2020 award year **an independent student with dependents other than spouse** qualifies for the automatic zero EFC formula if the both of the following two conditions are met:

1. Anyone included in the **student's** FAFSA defined household size received benefits during 2017 or 2018 from any of the designated means-tested federal benefit programs such as:
 - Medicaid
 - Supplemental Security Income (SSI)
 - Supplemental Nutrition Assistance Program (SNAP formerly Food Stamp program)
 - Free and Reduced Price School Lunch
 - Temporary Assistance for Needy Families (TANF) (This program may have a different name depending on the state the parents reside in)
 - Special Supplemental Nutrition Program for Women Infants and Children (WIC)

OR

SAM 2019-2020

The student and the student's spouse if married BOTH:

- filed or were eligible to file a 2017 IRS Form 1040A or 1040EZ (included in this are also a Puerto Rican and other U.S. territories tax returns)
- filed a 2017 IRS form 1040 but were not required to do so or if the applicant/parents filed a 1040 solely to claim an educational credit meet this criteria (for criteria defining who is required to file a form 1040 please see chapter 4 of this manual)

OR

The student (or the student's spouse) is a dislocated worker,

AND

2. the combined 2017 AGI (or income earned from work for non-tax filers) of the student (and spouse if married) was \$26,000 or less or they both were not required to file any tax return

Using the Independent Student with Dependents other than spouse EFC Worksheets

The remaining pages of this chapter contain the EFC formula C Worksheets and tables that are published on the Information for Financial Aid Professional (IFAP) website in the [2019-2020 EFC Formula Guide](#) for:

- The Regular Independent Student with Dependents other than Spouse,
- The Simplified Independent Student With Dependents Other than spouse, and
- Tables C-1 through C-6 which are needed to determine the necessary offsets and allowances against income.

The EFC Formula worksheets allow FAAs to perform hand calculations for the standard nine (9) month EFC and for periods of enrollment other than nine (9) months for an independent student. The EFC Formula worksheets also allow FAAs to understand the components for Federal Need Analysis which are needed for properly exercising professional judgment and completing verification.

The simplified EFC worksheet blocks out the asset information not used in the calculation and alerts you if the student is eligible for the automatic zero EFC.

SAM 2019-2020

2019-2020 EFC FORMULA **C**: INDEPENDENT STUDENT With Dependent(s) Other than a Spouse

REGULAR
WORKSHEET
Page 1

C

| STUDENT/SPOUSE INCOME IN 2017 | |
|---|--|
| 1. Student's and spouse's adjusted gross income (FAFSA/SAR #36) If negative, enter zero. | |
| 2. a. Student's income earned from work (FAFSA/SAR #39) _____ | |
| 2. b. Spouse's income earned from work (FAFSA/SAR #40) + _____ | |
| Total student/spouse income earned from work = | |
| 3. Taxable income (If tax filers, enter the amount from line 1 above. If non-tax filers, enter the amount from line 2.)* | |
| 4. Total untaxed income and benefits (total of FAFSA/SAR #45a through 45j) + | |
| 5. Taxable and untaxed income (sum of line 3 and line 4) = | |
| 6. Total additional financial information (total of FAFSA/SAR #44a through 44f) - | |
| 7. TOTAL INCOME (line 5 minus line 6) May be a negative number. = | |

| ALLOWANCES AGAINST STUDENT/SPOUSE INCOME | |
|--|--|
| 8. 2017 U.S. income tax paid (FAFSA/SAR #37) (tax filers only) If negative, enter zero. | |
| 9. State and other tax allowance (Table C1) If negative, enter zero. + | |
| 10. Student's Social Security tax (Table C2) + | |
| 11. Spouse's Social Security tax (Table C2) + | |
| 12. Income protection allowance (Table C3) + | |
| 13. Employment expense allowance: <ul style="list-style-type: none"> • Student and spouse both working: 35% of the lesser of the earned incomes, or \$4,000, whichever is less • One-parent families: 35% of earned income, or \$4,000, whichever is less • Student or spouse working (not both): zero + | |
| 14. TOTAL ALLOWANCES = | |

*STOP HERE (at line 3) if the following are true:

Line 3 is \$26,000 or less **and**

- The student (and the student's spouse, if any) are eligible to file a 2017 IRS Form 1040A or 1040EZ (that is, they are not required to file a 2017 Form 1040) or they are not required to file any income tax return **or**
- Anyone included in the student's household size (as defined on the FAFSA) received benefits during 2017 or 2018 from any of the designated means-tested federal benefit programs **or**
- The student (or the student's spouse, if any) is a dislocated worker.

If these circumstances are true, the Expected Family Contribution is automatically zero.

| AVAILABLE INCOME | |
|---|--|
| TOTAL INCOME (from line 7) | |
| TOTAL ALLOWANCES (from line 14) - | |
| 15. AVAILABLE INCOME (AI) May be a negative number. = | |

| STUDENT'S/SPOUSE'S CONTRIBUTION FROM ASSETS | |
|---|-----|
| 16. Cash, savings, and checking (FAFSA/SAR #41) | |
| 17. Net worth of investments** (FAFSA/SAR #42) If negative, enter zero. + | |
| 18. Net worth of business and/or investment farm (FAFSA/SAR #43) If negative, enter zero. + | |
| 19. Adjusted net worth of business/farm (Calculate using Table C4.) + | |
| 20. Net worth (sum of lines 16, 17, and 19) = | |
| 21. Asset protection allowance (Table C5) - | |
| 22. Discretionary net worth (line 20 minus line 21) = | |
| 23. Asset conversion rate × | .07 |
| 24. CONTRIBUTION FROM ASSETS If negative, enter zero. = | |

| EXPECTED FAMILY CONTRIBUTION | |
|--|--|
| AVAILABLE INCOME (AI) (from line 15) | |
| CONTRIBUTION FROM ASSETS (from line 24) + | |
| 25. Adjusted available income (AAI) May be a negative number. = | |
| 26. Total contribution from AAI (Calculate using Table C6.) If negative, enter zero. | |
| 27. Number in college in 2019-2020 (FAFSA/SAR #96) + | |
| 28. EXPECTED FAMILY CONTRIBUTION for nine-month enrollment. If negative, enter zero.*** = | |

**Do *not* include the student's home.

***To calculate the EFC for less than nine-month enrollment, see the next page. If the student is enrolled for more than nine months, use the nine-month EFC (line 28 above).

SAM 2019-2020

Note: Use this additional page to prorate the EFC only if the student will be enrolled for other than nine months and only to determine the student's need for Campus-Based aid or a Federal Direct Subsidized Loan. Do not use this page to prorate the EFC for a Federal Pell Grant or TEACH Grant. The EFC for the Federal Pell Grant Program is the nine-month EFC used in conjunction with the cost of attendance to determine a Federal Pell Grant award from the Payment or Disbursement Schedule.

REGULAR
WORKSHEET
Page 2

C

Calculation of Expected Family Contribution for a Student Enrolled for Less than Nine Months

| | | |
|---|---|----------|
| Expected Family Contribution (standard contribution for nine-month enrollment, from line 28) | | |
| Divide by 9. | ÷ | 9 |
| Expected Family Contribution per month | = | |
| Multiply by number of months of enrollment. | × | |
| Expected Family Contribution for less than nine-month enrollment* | = | |

* Substitute the student's EFC for less than nine-month enrollment in place of the EFC for the standard nine-month enrollment (EFC Formula C Worksheet, line 28).

SAM 2019-2020

2019–2020 EFC FORMULA **C**: INDEPENDENT STUDENT With Dependent(s) Other than a Spouse

SIMPLIFIED
WORKSHEET
Page 1

C

| STUDENT/SPOUSE INCOME IN 2017 | |
|-------------------------------|---|
| 1. | Student's and spouse's adjusted gross income (FAFSA/SAR #36) If negative, enter zero. |
| 2. | a. Student's income earned from work (FAFSA/SAR #39) _____ |
| 2. | b. Spouse's income earned from work (FAFSA/SAR #40) + _____ |
| | Total student/spouse income earned from work = _____ |
| 3. | Taxable income (If tax filers, enter the amount from line 1 above. If non-tax filers, enter the amount from line 2.)* |
| 4. | Total untaxed income and benefits (total of FAFSA/SAR #45a through 45j) + _____ |
| 5. | Taxable and untaxed income (sum of line 3 and line 4) = _____ |
| 6. | Total additional financial information (total of FAFSA/SAR #44a through 44f) - _____ |
| 7. | TOTAL INCOME (line 5 minus line 6) May be a negative number. = _____ |

| ALLOWANCES AGAINST STUDENT/SPOUSE INCOME | |
|--|--|
| 8. | 2017 U.S. income tax paid (FAFSA/SAR #37) (tax filers only) If negative, enter zero. |
| 9. | State and other tax allowance (Table C1) If negative, enter zero. + _____ |
| 10. | Student's Social Security tax (Table C2) + _____ |
| 11. | Spouse's Social Security tax (Table C2) + _____ |
| 12. | Income protection allowance (Table C3) + _____ |
| 13. | Employment expense allowance: <ul style="list-style-type: none"> • Student and spouse both working: 35% of the lesser of the earned incomes, or \$4,000, whichever is less • One-parent families: 35% of earned income, or \$4,000, whichever is less • Student or spouse working (not both): zero + _____ |
| 14. | TOTAL ALLOWANCES = _____ |

*STOP HERE (at line 3) if the following are true:

Line 3 is \$26,000 or less **and**

- The student (and the student's spouse, if any) are eligible to file a 2017 IRS Form 1040A or 1040EZ (that is, they are not required to file a 2017 Form 1040) or they are not required to file any income tax return **or**
- Anyone included in the student's household size (as defined on the FAFSA) received benefits during 2017 or 2018 from any of the designated means-tested federal benefit programs **or**
- The student (or the student's spouse, if any) is a dislocated worker.

If these circumstances are true, the Expected Family Contribution is automatically zero.

| AVAILABLE INCOME | |
|---|---------|
| TOTAL INCOME (from line 7) | |
| TOTAL ALLOWANCES (from line 14) | - |
| 15. AVAILABLE INCOME (AI) May be a negative number. | = _____ |

| STUDENT'S/SPOUSE'S CONTRIBUTION FROM ASSETS | |
|---|--|
| 16. | Cash, savings, and checking (FAFSA/SAR #41) |
| 17. | Net worth of investments** (FAFSA/SAR #42) If negative, enter zero. + _____ |
| 18. | Net worth of business and/or investment farm (FAFSA/SAR #43) If negative, enter zero. + _____ |
| 19. | Adjusted net worth of business/farm (Calculate using Table C4.) + _____ |
| 20. | Net worth (sum of lines 16, 17, and 19) = _____ |
| 21. | Asset protection allowance (Table C5) - _____ |
| 22. | Discretionary net worth (line 20 minus line 21) = _____ |
| 23. | Asset conversion rate × _____ |
| 24. CONTRIBUTION FROM ASSETS If negative, enter zero. | = _____ |

| EXPECTED FAMILY CONTRIBUTION | |
|---|---------|
| AVAILABLE INCOME (AI) (from line 15) | |
| CONTRIBUTION FROM ASSETS (from line 24) | + _____ |
| 25. Adjusted available income (AAI) May be a negative number. | = _____ |
| 26. Total contribution from AAI (Calculate using Table C6.) If negative, enter zero. | _____ |
| 27. Number in college in 2019–2020 (FAFSA/SAR #96) | ÷ _____ |
| 28. EXPECTED FAMILY CONTRIBUTION for nine-month enrollment. If negative, enter zero.*** = _____ | _____ |

**Do *not* include the student's home.

***To calculate the EFC for less than nine-month enrollment, see the next page. If the student is enrolled for more than nine months, use the nine-month EFC (line 28 above).

Note: Do not complete the shaded areas; asset information is not required in the simplified formula.

SAM 2019-2020

Note: Use this additional page to prorate the EFC only if the student will be enrolled for other than nine months and only to determine the student's need for Campus-Based aid or a Federal Direct Subsidized Loan. Do not use this page to prorate the EFC for a Federal Pell Grant or TEACH Grant. The EFC for the Federal Pell Grant Program is the nine-month EFC used in conjunction with the cost of attendance to determine a Federal Pell Grant award from the Payment or Disbursement Schedule.

SIMPLIFIED
WORKSHEET
Page 2

C

Calculation of Expected Family Contribution for a Student Enrolled for Less than Nine Months

| | | |
|---|---|---|
| Expected Family Contribution (standard contribution for nine-month enrollment, from line 28) | | |
| Divide by 9. | ÷ | 9 |
| Expected Family Contribution per month | = | |
| Multiply by number of months of enrollment. | × | |
| Expected Family Contribution for less than nine-month enrollment* | = | |

*Substitute the student's EFC for less than nine-month enrollment in place of the EFC for the standard nine-month enrollment (EFC Formula C Worksheet, line 28).

SAM 2019-2020

Table C1: State and Other Tax Allowance

| State | Percent of Total Income | | State | Percent of Total Income | |
|--------------------------------|-------------------------|------------------|--------------------------|-------------------------|------------------|
| | \$0 - \$14,999 | \$15,000 or more | | \$0 - \$14,999 | \$15,000 or more |
| Alabama | 3% | 2% | Montana | 5% | 4% |
| Alaska | 2% | 1% | Nebraska | 5% | 4% |
| American Samoa | 3% | 2% | Nevada | 2% | 1% |
| Arizona | 4% | 3% | New Hampshire | 4% | 3% |
| Arkansas | 4% | 3% | New Jersey | 9% | 8% |
| California | 8% | 7% | New Mexico | 3% | 2% |
| Canada and Canadian Provinces | 3% | 2% | New York | 9% | 8% |
| Colorado | 4% | 3% | North Carolina | 5% | 4% |
| Connecticut | 9% | 8% | North Dakota | 2% | 1% |
| Delaware | 5% | 4% | Northern Mariana Islands | 3% | 2% |
| District of Columbia | 7% | 6% | Ohio | 5% | 4% |
| Federated States of Micronesia | 3% | 2% | Oklahoma | 3% | 2% |
| Florida | 3% | 2% | Oregon | 7% | 6% |
| Georgia | 5% | 4% | Palau | 3% | 2% |
| Guam | 3% | 2% | Pennsylvania | 5% | 4% |
| Hawaii | 5% | 4% | Puerto Rico | 3% | 2% |
| Idaho | 5% | 4% | Rhode Island | 6% | 5% |
| Illinois | 5% | 4% | South Carolina | 4% | 3% |
| Indiana | 4% | 3% | South Dakota | 2% | 1% |
| Iowa | 5% | 4% | Tennessee | 2% | 1% |
| Kansas | 4% | 3% | Texas | 3% | 2% |
| Kentucky | 5% | 4% | Utah | 5% | 4% |
| Louisiana | 3% | 2% | Vermont | 6% | 5% |
| Maine | 6% | 5% | Virgin Islands | 3% | 2% |
| Marshall Islands | 3% | 2% | Virginia | 6% | 5% |
| Maryland | 8% | 7% | Washington | 3% | 2% |
| Massachusetts | 7% | 6% | West Virginia | 3% | 2% |
| Mexico | 3% | 2% | Wisconsin | 6% | 5% |
| Michigan | 4% | 3% | Wyoming | 2% | 1% |
| Minnesota | 6% | 5% | Blank or Invalid State | 3% | 2% |
| Mississippi | 3% | 2% | Other | 3% | 2% |
| Missouri | 4% | 3% | | | |

To calculate the state and other tax allowance (EFC Formula C Worksheet, line 9), multiply the total income of the student and spouse (EFC Formula C Worksheet, line 7) by the appropriate percentage from the table above. Use the student's state of legal residence (FAFSA/SAR #18). If this item is blank or invalid, use the state in the student's mailing address (FAFSA/SAR #6). If both items are blank or invalid, use the percentage for a blank or invalid state above.

SAM 2019-2020

| Table C2: Social Security Tax | |
|--------------------------------------|---|
| Income Earned from Work* | Social Security Tax |
| \$0 – \$127,200 | 7.65% of income |
| \$127,201 or greater | \$9,730.80 + 1.45% of amount over \$127,200 |

*Calculate separately the Social Security tax of the student and spouse.
 Student's 2017 income earned from work is FAFSA/SAR #39.
 Spouse's 2017 income earned from work is FAFSA/SAR #40.
 Social Security tax will never be less than zero.

| Table C3: Income Protection Allowance | | | | | |
|--|---|----------|----------------|----------------|----------------|
| Number in student's household, including student (FAFSA/SAR #95) | Number of college students in the household (FAFSA/SAR #96) | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| 2 | \$26,250 | \$21,760 | not applicable | not applicable | not applicable |
| 3 | \$32,680 | \$28,210 | \$23,730 | not applicable | not applicable |
| 4 | \$40,360 | \$35,880 | \$31,410 | \$26,920 | not applicable |
| 5 | \$47,620 | \$43,120 | \$38,660 | \$34,180 | \$29,710 |
| 6 | \$55,690 | \$51,210 | \$46,750 | \$42,240 | \$37,790 |

Note: For each additional household member, add \$6,290.
 For each additional college student, subtract \$4,470.

| Table C4: Business/Farm Net Worth Adjustment | |
|---|--|
| If the net worth of a business or farm is— | Then the adjusted net worth is— |
| Less than \$1 | \$0 |
| \$1 to \$130,000 | 40% of net worth of business/farm |
| \$130,001 to \$395,000 | \$52,000 + 50% of net worth over \$130,000 |
| \$395,001 to \$660,000 | \$184,500 + 60% of net worth over \$395,000 |
| \$660,001 or more | \$343,500 + 100% of net worth over \$660,000 |

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Table C5: Asset Protection Allowance

| <i>Age of Student as of 12/31/2019*</i> | <i>Allowance for Married Student</i> | <i>Allowance for Unmarried Student</i> | <i>Age of Student as of 12/31/2019*</i> | <i>Allowance for Married Student</i> | <i>Allowance for Unmarried Student</i> |
|---|--------------------------------------|--|---|--------------------------------------|--|
| 25 or less | \$0 | \$0 | 46 | \$11,400 | \$6,000 |
| 26 | 700 | 300 | 47 | 11,600 | 6,100 |
| 27 | 1,300 | 700 | 48 | 11,900 | 6,200 |
| 28 | 2,000 | 1,000 | 49 | 12,200 | 6,400 |
| 29 | 2,600 | 1,400 | 50 | 12,500 | 6,500 |
| 30 | 3,300 | 1,700 | 51 | 12,900 | 6,700 |
| 31 | 4,000 | 2,100 | 52 | 13,200 | 6,800 |
| 32 | 4,600 | 2,400 | 53 | 13,500 | 7,000 |
| 33 | 5,300 | 2,800 | 54 | 13,900 | 7,200 |
| 34 | 5,900 | 3,100 | 55 | 14,300 | 7,300 |
| 35 | 6,600 | 3,500 | 56 | 14,700 | 7,500 |
| 36 | 7,300 | 3,800 | 57 | 15,100 | 7,700 |
| 37 | 7,900 | 4,200 | 58 | 15,500 | 7,900 |
| 38 | 8,600 | 4,500 | 59 | 15,900 | 8,100 |
| 39 | 9,200 | 4,900 | 60 | 16,400 | 8,300 |
| 40 | 9,900 | 5,200 | 61 | 16,800 | 8,500 |
| 41 | 10,100 | 5,300 | 62 | 17,300 | 8,800 |
| 42 | 10,400 | 5,500 | 63 | 17,800 | 9,000 |
| 43 | 10,600 | 5,600 | 64 | 18,300 | 9,200 |
| 44 | 10,900 | 5,700 | 65 or older | 18,900 | 9,500 |
| 45 | 11,100 | 5,800 | | | |

* Determine the student's age as of 12/31/2019 from the student's date of birth (FAFSA/SAR #9)

Table C6: Student's Contribution from AAI

| If the student's AAI is— | Then the student's contribution from AAI is— |
|---------------------------------|---|
| Less than -\$3,409 | -\$750 |
| \$-3,409 to \$16,600 | 22% of AAI |
| \$16,601 to \$20,800 | \$3,652 + 25% of AAI over \$16,600 |
| \$20,801 to \$25,100 | \$4,702 + 29% of AAI over \$20,800 |
| \$25,101 to \$29,300 | \$5,949 + 34% of AAI over \$25,100 |
| \$29,301 to \$33,600 | \$7,377 + 40% of AAI over \$29,300 |
| \$33,601 or more | \$9,097 + 47% of AAI over \$33,600 |

SAM 2019-2020

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