

# Expected Family Contribution (EFC)

*The EFC is a measure of how much the student and his or her family can be expected to contribute to the cost of the student's education for the year. The EFC is calculated according to a formula specified in the law. In this chapter we describe the EFC formula in detail.*

## GENERAL INFORMATION

All the data the CPS uses to calculate the EFC come from the information the student provides on the FAFSA. The EFC formula uses many variables, including income, assets, the number of persons in the household, and the number attending college for the award year.

Every year the Department publishes updated tables used in the EFC calculation. The 2011–2012 updates are in the May 27, 2010, *Federal Register*. Also available at [www.ifap.ed.gov](http://www.ifap.ed.gov) is the *EFC Formula Guide*.

The law provides three different formulas to calculate the EFC: one for dependent students, one for independent students without dependents other than a spouse, and one for independent students with dependents other than a spouse. In addition there are three simplified versions of each formula with fewer data elements.

## SIMPLIFIED FORMULA

The simplified formula is basically the same as the regular formula except that asset information isn't considered in the calculation. A dependent student qualifies for the simplified calculation if:

- the parents' combined AGI (for tax filers) or income earned from work (for non-filers) was less than \$50,000, and
- either: (1) the parents were not required to file an IRS Form 1040,<sup>1</sup> (2) one of them is a dislocated worker as defined in the Workforce Investment Act of 1998 (see *Chapter 2* for a description of dislocated worker), or (3) anyone counted in their household size received a means-tested federal benefit during 2009 or 2010.<sup>2</sup>

An independent student qualifies for the simplified calculation if:

- the student's and spouse's combined AGI (tax filers) or income earned from work (non-filers) was less than \$50,000, and

## Basic EFC formulas

- Dependent students
- Independent students
- Independent students with dependents

## Special calculations

- Simplified formula (no assets)
- Automatic zero EFC
- Other than 9-month enrollment

HEA Sec. 474–479

<sup>1</sup> Persons not required to file the IRS Form 1040 comprise those who do not have to submit a return, who filed or will file a 1040A or 1040EZ, and who were eligible to file a 1040A or 1040EZ but filed or will file a Form 1040 for no substantial reason or solely to claim an education tax credit.

For qualifying for the simplified formula or the automatic zero EFC, a foreign tax return counts as an IRS Form 1040, while a tax return for Puerto Rico, Guam, American Samoa, the Virgin Islands, Marshall Islands, the Federated States of Micronesia, or Palau counts as a Form 1040A or 1040EZ.

<sup>2</sup> See margin note #2 on the next page.

<sup>1</sup> See margin note #1 on the previous page.

<sup>2</sup> The means-tested federal benefit programs are:

- Supplemental Security Income (SSI)
- Supplemental Nutrition Assistance Program (SNAP) benefits, formerly and still known as food stamps
- Free and Reduced Price School Lunches
- Temporary Assistance for Needy Families (TANF)
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

A person need not have received the benefit for an entire year; receiving it at any time in the base or prior year qualifies. Also, an FAA may use professional judgment (PJ) to count a benefit if a person did not receive it during those 24 months but is receiving it now.

### Assets not reported on FAFSA

If the student doesn't provide any asset data and qualifies for the simplified formula, her application will still be processed normally. She will only receive one EFC, which will be produced by the simplified formula. However, if the student doesn't qualify for the simplified formula, her application will be rejected and she will have to submit asset data before the CPS will calculate an EFC.

### Automatic zero EFC

Sec. 479(c)

- either: (1) the student and spouse were not required to file an IRS Form 1040,<sup>1</sup> (2) one of them is a dislocated worker as defined in the Workforce Investment Act of 1998, or (3) anyone counted in the household size received a means-tested federal benefit during 2009 or 2010.<sup>2</sup>

The application asks for asset information from all students. If the student qualifies for the simplified formula and provides the asset information, the CPS will make two EFC calculations: one using the assets and one excluding them. The EFC from the simplified formula (which excludes assets) is called the primary EFC and is printed on the front of the student's SAR, while the EFC from the full calculation is called the secondary EFC and is printed in the FAA Information section. To determine the student's aid, the school must use the primary EFC, which will always be less than or equal to the secondary EFC. If it turns out that the student was not eligible for the simplified formula, the school must correct and submit the record and use the EFC reported on the resulting transaction.

### AUTOMATIC ZERO EFC

The law also provides for an automatic zero EFC for some students. The CPS will assign a zero EFC to a dependent student if:

- the parents' combined AGI (for tax filers) or combined income earned from work (for non-filers) is \$31,000 or less, and
- either: (1) the parents were not required to file an IRS Form 1040,<sup>1</sup> (2) one of them is a dislocated worker as defined in the Workforce Investment Act of 1998, or (3) anyone counted in their household size received a means-tested federal benefit during 2009 or 2010.<sup>2</sup>

An independent student with dependents other than a spouse automatically qualifies for a zero EFC if:

- the student's and spouse's combined AGI (for tax filers) or combined income earned from work (for non-filers) is \$31,000 or less, and
- either: (1) the student and spouse were not required to file an IRS Form 1040,<sup>1</sup> (2) one of them is a dislocated worker as defined in the Workforce Investment Act of 1998, or (3) anyone counted in the household size received a means-tested federal benefit during 2009 or 2010.<sup>2</sup>

Independent students with no dependents other than a spouse do not qualify for an automatic zero EFC.

### DEPARTMENT OF DEFENSE MATCH AND IRAQ AND AFGHANISTAN SERVICE GRANT

Schools will consider the EFC to be zero for Pell-eligible students with a parent or guardian who was a member of the U.S. Armed Forces and who died as a result of service in Iraq or Afghanistan after September 11, 2001.

These students must have been less than 24 years old or enrolled in college when the parent or guardian died.

The CPS will match applications against a file provided by the Department of Defense. If a match is found, a personalized letter will be sent to the student explaining the potential increase in funding and the DOD match flag will be set to “Y” on the ISIR and a date will appear in the parent’s date of death field (which, out of sensitivity, will not be noted on the SAR). The CPS will calculate an EFC normally; the school should use a zero EFC when packaging qualifying students.

Students in this situation who are not Pell-eligible because their EFC is too high will be able to receive an Iraq and Afghanistan service grant (see *Volume 1, Chapter 6*) in the same amount of the Pell grant they would have been eligible for with a zero EFC. However, for these students the school uses the EFC calculated by the CPS and does not reduce it to zero.

## ALTERNATE EFCs

The law specifies how the EFC of a dependent student must be modified if the student is going to enroll for other than a nine-month period. The EFC found in the upper-right-hand corner of the first page of the output document is based on a nine-month enrollment period and should always be used for awarding a Pell grant, even if the student is attending for a longer or shorter period. The second section of the “FAA Information” area contains a table of alternate primary and secondary EFCs for periods of one to twelve months. These are alternate EFCs that you must use to award aid (other than Pell grants) if the student is attending for other than nine months.

## THE EFC WORKSHEETS

The end of the chapter contains the EFC worksheets, which can be used to manually calculate an EFC or to see how the EFC is determined for each of the formulas explained hereafter. For items that are taken from the FAFSA, the worksheets indicate the corresponding FAFSA/SAR line numbers. On the worksheets for the simplified formula, the parts of the calculation that aren’t used are blacked out.

## FORMULA A—DEPENDENT STUDENTS

The EFC for a dependent student is calculated using the FAFSA information for the student and his parents. The CPS calculates the parents’ contribution (which includes their assets), the student’s contribution from income, and the student’s contribution from assets; the EFC is the sum of these three.

Under the simplified formula, the parent’s contribution doesn’t include assets, nor is the student’s contribution from assets counted.

### ***Parents’ contribution***

The parents’ available income and contribution from assets are first determined, and then these are used with the number in college to calculate the parents’ contribution.

### **Negative AGI or zero?**

The FAFSA instruction for parents’ AGI is to use the number that appears on a specific line of the tax return; this can be a negative number. The first line of the worksheet for EFC Formula A cites the FAFSA line number and instructs you to substitute a zero if the AGI is negative. Do not take this to mean that a negative AGI should be reported as a zero on the FAFSA. The CPS will change the value to zero, and it makes assumptions that you will not when completing an EFC worksheet by hand. When filling out the FAFSA, the applicant should follow the instruction given and use the AGI as it appears on the tax return.

▼ *Parents' available income.* The parents' available income is calculated by subtracting certain allowances from the parents' total income. These allowances account for certain nondiscretionary expenses, such as taxes and basic living expenses. Once a minimum level of support has been offset for those expenses, the formula assumes that the remaining income is available for discretionary purposes, including paying for a postsecondary education. The available income can be a negative number.

The total income is the sum of the taxable and untaxed income, minus amounts reported in the income but excluded from the formula. If the parents are tax filers, the parents' AGI as reported on the FAFSA is the amount of the parents' taxable income used in the calculation. If the parents are not tax filers, the calculation uses the parents' reported income earned from work. Total income can be a negative number.

The sum of the following allowances are used to reduce the parents' total income:

- **U.S. income tax paid.** Use the amount reported on the FAFSA. Non-taxfilers don't receive this allowance. If this is a negative amount, it is set to zero.
- **State and other tax allowance.** Use Table A1. This allowance is a percentage of parents' total income and approximates the average amount paid in state and other taxes. The percentage varies according to the state and according to whether the parents' total income is below \$15,000 or is \$15,000 or more. The state used is the parents' state of legal residence reported on the FAFSA. If this item is blank or invalid, the student's reported state of legal residence is used. If both are blank or invalid, the state in the student's mailing address is used. If all three are blank or invalid, the rate shown in Table A1 for a blank or invalid state is used (3% for total income below \$15,000; 2% for total income of \$15,000 or more). If the allowance is a negative amount, it's set to zero.
- **Father's and mother's Social Security tax allowance.** The father's and mother's Social Security taxes are calculated separately by applying the rates shown in Table A2 to the father's income earned from work and the mother's income earned from work in 2010 (as reported on the FAFSA). The total allowance for Social Security taxes is never less than zero.
- **Income protection allowance.** Use Table A3. This allowance is for the basic living expenses of a family. It varies according to the number in the parents' household and the number in college in 2011–12, as reported on the FAFSA. In general, a school can assume that 30% of the income protection allowance amount is for food, 22% for housing, 9% for transportation expenses, 16% for clothing and personal care, 11% for medical care, and 12% for other family consumption. The income protection allowance used for a particular student is provided as one of the intermediate values in the FAA Information Section of the output document (labeled as "IPA").

- **Employment expense allowance.** Families with two working parents and one-parent families have extra expenses that must be considered, such as housekeeping services, transportation, clothing and upkeep, and meals away from home. This allowance recognizes those extra expenses. For two working parents, the allowance is 35% of the lesser of the father’s income earned from work (question 86) or the mother’s income earned from work (question 87), but may not exceed \$3,500. For one-parent families, the allowance is 35% of the parent’s income earned from work, also not to exceed \$3,500. If a student’s parents are married and only one parent reports an income earned from work, the allowance is zero. The employment expense allowance is never less than zero.

▼ *Parents’ contribution from assets.* The full formula uses the assets of parents of a dependent student and determines a “contribution from assets.” This amount is combined with available income to give an accurate picture of the family’s financial strength. In the simplified formula assets aren’t counted.

First, the parents’ **net worth** is calculated by adding assets reported on the FAFSA. The net worth of a business or a farm is adjusted to protect a portion of the net worth of these assets. Use Table A4 to calculate the amount to be used.

Second, the parents’ **discretionary net worth** is calculated by subtracting the education savings and asset protection allowance (Table A5) from the parents’ net worth. As with income, this is done to protect a portion of assets. The allowances for ages 40 through 65 approximate the present cost of an annuity which, when combined with Social Security benefits, would provide at age 65 a moderate level of living for a retired couple or single person. As shown in Table A5, the allowance increases with the age of the older parent (as reported on the FAFSA) to indicate the cost of purchasing such an annuity at a given age. Discretionary net worth may be less than zero.

Finally, the discretionary net worth is multiplied by the conversion rate of 12% to obtain the **parents’ contribution from assets**, which represents the portion of parental assets considered available to help pay for the student’s postsecondary education. If the contribution from assets is less than zero, it is set to zero.

▼ *Calculation of parents’ contribution.* This is the final step in determining the parents’ contribution. The parents’ available income and contribution from assets are added together to determine the parents’ adjusted available income, which can be a negative number. The total parents’ contribution from adjusted available income is calculated from the amounts and rates in Table A6 and is the total amount parents are expected to contribute toward all of their family’s postsecondary educational costs. The rates in Table A6 increase from 22% to 47% as the adjusted available income increases. This is based on the principle that as income increases beyond the amount needed to maintain a basic standard of living, the portion used for family maintenance decreases and the portion available for

discretionary purposes increases. Therefore, a progressively larger amount of income may be contributed toward postsecondary educational costs.

The parents' contribution for the individual student is calculated by dividing the total parents' contribution from adjusted available income by the number in college in 2011–12, as reported on the FAFSA. Parents are not included in the number attending college.

### ***Student's contribution from income***

To determine the student's contribution from income, the student's available income (AI) is first calculated by subtracting total allowances from the student's total income. The AI is then assessed at a rate of 50% to obtain the student contribution from available income. If the student contribution from available income is less than zero, it's set to zero.

As with the parents' income information, the student's total income is calculated using information from the student's FAFSA. The student's total income is the sum of the student's taxable and untaxed income, minus amounts reported in the income but excluded from the formula (see *Chapter 2* for more on these exclusions). If the student is a tax filer, the student's AGI as reported on the FAFSA is the amount of taxable income used in the calculation. If the student is not a tax filer, the calculation uses the student's reported income earned from work. Total income may be a negative number.

The allowances are calculated by adding the following:

- **U.S. income tax paid.** Use the amount reported on the FAFSA. Non-tax filers don't receive this allowance. If this is a negative amount, it's set to zero.
- **State and other tax allowance.** Use Table A7. This allowance is a percentage of the student's total income. The percentage varies according to the state. The state to be used is the student's state of legal residence reported on the FAFSA. If that item is blank or invalid, the state in the student's mailing address is used. If both items are blank or invalid, the parents' state of legal residence is used. If all three items are blank or invalid, the rate for a blank or invalid state in Table A7 is used (2%). If the allowance is a negative amount, it's set to zero.
- **Social Security tax allowance.** The student's Social Security taxes are calculated by applying the rates shown in Table A2 to the student's income earned from work in 2010 (as reported on the FAFSA). The total allowance for Social Security taxes is never less than zero.
- **Income protection allowance.** The income protection allowance for a dependent student is \$5,250.
- **Parent's negative AAI.** To recognize that a student's income may be needed to help support the family, the EFC calculation allows a parent's negative adjusted available income (AAI) to reduce a dependent student's contribution from income. Because the student's

contribution from income cannot be negative, this will not affect the student's contribution from assets.

### ***Student's contribution from assets***

The student's assets are treated the same way as the parents' assets with three differences: there is no adjustment to the net worth of a business or farm, there is no education savings and asset protection allowance, and net worth is assessed at the rate of 20%. Remember that under the simplified formula there is no student contribution from assets.

The student's net worth is calculated by adding assets reported on the FAFSA (negative amounts are converted to zero for this calculation). The net worth is multiplied by 20% to obtain the student's contribution from assets, which is the portion of assets considered available to help pay for his postsecondary education.

### ***Alternate EFCs for other than nine-month enrollment***

The standard parents' contribution is for a nine-month enrollment period. For a shorter period, the parents' contribution is prorated according to the number of months of enrollment. The student's contribution from available income is also prorated and then added to the student asset contribution, which is not prorated. For an enrollment of more than nine months, the parents' contribution is calculated by adjusting the standard nine-month formula on page 3 of Worksheet A of the EFC worksheets, and the student's contribution remains at the nine-month amount.

## **FORMULA B—INDEPENDENT STUDENT WITHOUT DEPENDENTS OTHER THAN A SPOUSE**

The EFC for an independent student without dependents other than a spouse is calculated using the FAFSA information for the student and spouse. The CPS calculates a contribution from available income and a contribution from assets. The sum of these two is divided by the number in college in 2011–12, as reported on the FAFSA. The result is the EFC for the 2011–12 award period. Under the simplified formula, the contribution from assets isn't used.

### ***Contribution from available income***

The student's available income, which can be a negative number, is calculated by subtracting the total allowances from the total income. These allowances account for certain nondiscretionary expenses, such as taxes and basic living expenses. Once a minimum level of support has been provided to meet those expenses, the formula assumes that the remaining income is available for discretionary purposes, including paying for a postsecondary education. The available income is then assessed at a rate of 50% to obtain the student's contribution from available income.

▼ *Total income.* The total income is the sum of the student's and her spouse's (if the student is married) taxable and untaxed income, minus amounts reported in the income on the FAFSA but excluded from the formula (see *Chapter 2* for more on these exclusions). If the student and spouse are tax filers, their AGI as reported on the FAFSA is the amount of taxable income used in the calculation. If the student and spouse are not

tax filers, the calculation uses reported income earned from work. Untaxed income is included in the formula because it may have a considerable effect on the family's financial strength and, in some cases, may be the family's main source of income. Note that "earned income credit" is included as part of total untaxed income and benefits only if the student or spouse are tax filers. Total income can be a negative number.

▼ *Allowances against income.* Total allowances are calculated by adding the following:

- **U.S. income tax paid.** Use the amount reported on the FAFSA. Non-taxfilers don't receive this allowance. If this is a negative amount, it's set to zero.
- **State and other tax allowance.** Use Table B1. This allowance is a percentage of the student and spouse's total income. The percentage varies according to the state. The state to be used is the student's state of legal residence reported on the FAFSA. If that item is blank or invalid, the state in the student's mailing address is used. If both items are blank or invalid, the rate for a blank or invalid state is used (2%). If the allowance is a negative amount, it's set to zero.
- **Social Security tax allowance.** The student and spouse's Social Security taxes are calculated separately by applying the tax rates shown in Table B2 to the student's income earned from work in 2010 and the spouse's income earned from work in 2010 (as reported on the FAFSA). The total allowance for Social Security taxes is never less than zero.
- **Income protection allowance.** The income protection allowance for an unmarried student is \$8,550. For a married student, the income protection allowance is \$8,550 if the student's spouse is enrolled at least half time, and \$13,710 if the student's spouse isn't enrolled at least half time.
- **Employment expense allowance.** Families with two working spouses have extra expenses that must be considered, such as housekeeping services, transportation, clothing and upkeep, and meals away from home. This allowance recognizes those extra expenses. If the student isn't married, the employment expense allowance is zero. If the student is married but only one person is working (either the student or the student's spouse), the allowance is zero. If both the student and his spouse are working, the allowance is 35% of the lesser of the student's income earned from work (question 38) or the spouse's income earned from work (question 39), but may not exceed \$3,500.

### ***Contribution from assets***

For students who qualify for the simplified formula, there is no contribution from assets. In the full formula, the assets of an independent student with no dependents other than a spouse are considered in order to fully measure the family's ability to contribute toward postsecondary educational costs.

First, the **net worth** of the student and spouse's assets is calculated by adding assets reported on the FAFSA. The net worth of a business or a farm is adjusted to protect a portion of the net worth of these assets. Use Table B3 to calculate the amount to be used.

Second, the student and spouse's **discretionary net worth** is calculated by subtracting the asset protection allowance (Table B4) from the net worth. The allowance increases with the age of the student as of December 31, 2011, which may be determined from the student's date of birth as reported on the FAFSA. This is done to protect a portion of assets that may be needed for purposes other than education, such as emergencies or retirement. Discretionary net worth can be less than zero.

Finally, the discretionary net worth is multiplied by the conversion rate of 20% to obtain the student and spouse's contribution from assets, which represents the portion of the value of the assets that is considered available to help pay for the student's college education. If the contribution from assets is less than zero, it's set to zero.

### ***Alternate EFCs for other than nine-month enrollment***

The standard EFC is for a nine-month enrollment period. If the student will be enrolled for less than nine months, the EFC is simply prorated by dividing it by nine and then multiplying the result by the number of months the student will be enrolled. For an enrollment of more than nine months, however, the EFC remains at the nine-month amount.

## **FORMULA C — INDEPENDENT STUDENT WITH DEPENDENTS OTHER THAN A SPOUSE**

The EFC for an independent student with dependents other than a spouse is calculated using the information for the student and spouse provided on the FAFSA. The formula is almost the same as the formula for the parents of a dependent student. There are three basic steps. First, the student's available income is determined. Then, the student's contribution from assets is calculated. Finally, the EFC is calculated using the available income, the contribution from assets, and the number in college.

### ***Available income***

Available income is calculated by subtracting certain allowances from the student's total income. These allowances account for certain nondiscretionary expenses, such as taxes and basic living expenses. Once a minimum level of support has been provided for those expenses, the formula assumes that the remaining income is available for discretionary purposes, including paying for a postsecondary education. The available income can be a negative number.

▼ *Student's total income.* The student's total income is the sum of the student's and his or her spouse's (if the student is married) taxable and untaxed income, minus amounts reported in the income on the FAFSA but excluded from the formula (see *Chapter 2* for more information on these exclusions). If the student and spouse are tax filers, AGI as reported on the FAFSA is the amount of taxable income used in the calculation. If the student and spouse are not tax filers, the calculation uses reported income

earned from work. Note that “earned income credit” is included as part of total untaxed income and benefits only if the student and spouse are tax filers. Total income can be a negative number.

▼ *Allowances against income.* Total allowances are calculated by adding the following:

- **U.S. income tax paid.** Use the amount reported on the FAFSA. Non-tax filers don’t receive this allowance. If this is a negative amount, it is set to zero.
- **State and other tax allowance.** Use Table C1. This allowance is a percentage of the total income and approximates the average amount paid in state and other taxes. The percentage varies according to the state and according to whether the total income is below \$15,000 or is \$15,000 or more. The state to be used is the student’s state of legal residence reported on the FAFSA. If this item is blank or invalid, the state in the student’s mailing address is used. If both items are blank or invalid, the rate for a blank or invalid state is used (3% for total income below \$15,000; 2% for total income of \$15,000 or more). If the allowance is a negative amount, it’s set to zero.
- **Social Security tax allowance.** The student’s and spouse’s Social Security taxes are calculated separately by applying the tax rates shown in Table C2 to the student’s income earned from work and the spouse’s income earned from work in 2010 (as reported on the FAFSA). The total allowance for Social Security taxes is never less than zero.
- **Income protection allowance.** Use Table C3. This allowance provides for the basic living expenses of a family. It varies according to the number in the student’s household and the number in college in 2011–12, as reported on the FAFSA. In general, a school can assume that 30% of the income protection allowance amount is for food, 22% for housing, 9% for transportation expenses, 16% for clothing and personal care, 11% for medical care, and 12% for other family consumption. The income protection allowance used for a particular student is provided as one of the intermediate values in the FAA Information Section of the output document (labeled as “IPA”).
- **Employment expense allowance.** Families with two working parents and one-parent families have extra expenses that must be considered, such as housekeeping services, transportation, clothing and upkeep, and meals away from home. This allowance recognizes those extra expenses. When both the student and spouse work, the allowance is 35% of the lesser of the student’s income earned from work (question 38) or the spouse’s income earned from work (question 39), but may not exceed \$3,500. If the student isn’t married, the allowance is 35% of the student’s income earned from work, or \$3,500, whichever is less. If a student is married and only the student *or* the spouse (but not both) reports an income earned from work, the allowance is zero. The employment expense allowance is never less than zero.

### ***Contribution from assets***

In the full formula, the assets of an independent student with dependents other than a spouse are considered in order to fully measure the family's ability to contribute toward postsecondary educational costs. The formula determines a "contribution from assets," an amount that is combined with available income to give an accurate picture of the family's financial strengths. In the simplified formula, the assets aren't counted at all.

First, the **net worth** of a student and spouse's assets is calculated by adding assets reported on the FAFSA. The net worth of a business or farm is adjusted to protect a portion of these assets. Use Table C4 to calculate the amount to be used.

Second, the student and spouse's **discretionary net worth** is calculated by subtracting the asset protection allowance (Table C5) from the net worth. The allowance increases with the age of the student as of December 31, 2011, which may be determined from the student's date of birth as reported on the FAFSA. This is done to protect a portion of assets that may be needed for purposes other than education, such as emergencies or retirement. Discretionary net worth can be less than zero.

Finally, the discretionary net worth is multiplied by 7% to obtain the **contribution from assets**, which is the portion of the value of the student's and spouse's assets considered to be available to help pay for the student's postsecondary education. If the contribution from assets is less than zero, it is set to zero.

### ***Calculation of student's EFC***

This is the final step in determining the EFC for the independent student with dependents other than a spouse. The available income and the contribution from assets are added together to obtain the adjusted available income. The adjusted available income can be a negative number. The total contribution from adjusted available income is calculated from using Table C6. This is the total amount the student's family is expected to contribute toward family postsecondary educational costs. The rates in Table C6 increase from 22% to 47% as the adjusted available income increases. The rate is based on the principle that as income increases beyond the amount needed to maintain a basic standard of living, the portion used for family maintenance decreases, while the portion available for discretionary purposes increases. The larger the income, the easier it is for a family to contribute toward postsecondary educational costs with less effect on the maintenance of the family.

The EFC is calculated by dividing the total student's contribution from adjusted available income by the number in college in 2011–12, as reported on the FAFSA. The result is the EFC for the 2011–12 award period.

### ***Alternate EFCs for other than nine-month enrollment***

The standard EFC is for a nine-month enrollment period. If the student will be enrolled for less than nine months, the EFC is simply prorated by dividing it by nine and then multiplying the result by the number of months the student will be enrolled. For an enrollment of more than nine months, however, the EFC remains at the nine-month amount.



# 2011-2012 EFC FORMULA **A** : DEPENDENT STUDENT



PARENTS' INCOME IN 2010	
1. Parents' Adjusted Gross Income (FAFSA/SAR #83) If negative, enter zero.	
2. a. Father's/stepfather's income earned from work (FAFSA/SAR #86)	
2. b. Mother's/stepmother's income earned from work (FAFSA/SAR #87)	+
Total parents' income earned from work	=
3. Parents' 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 #92.a. through 92.i.)	+
5. Taxable and untaxed income (sum of line 3 and line 4)	=
6. Total additional financial information (Total of FAFSA/SAR #91.a. through 91.f.)	-
7. <b>TOTAL INCOME</b> (line 5 minus line 6) May be a negative number.	=

ALLOWANCES AGAINST PARENTS' INCOME	
8. 2010 U.S. income tax paid (FAFSA/SAR #84) (tax filers only) If negative, enter zero.	
9. State and other tax allowance (Table A1) If negative, enter zero.	+
10. Father's/stepfather's Social Security tax allowance (Table A2)	+
11. Mother's/stepmother's Social Security tax allowance (Table A2)	+
12. Income protection allowance (Table A3)	+
13. Employment expense allowance:  <ul style="list-style-type: none"> <li>Two working parents: 35% of the lesser of the earned incomes, or \$3,500, whichever is less</li> <li>One-parent families: 35% of earned income, or \$3,500, whichever is less</li> <li>Two-parent families, one working parent: enter zero</li> </ul>	+
14. <b>TOTAL ALLOWANCES</b>	=

\*STOP HERE if the following are true:

Line 3 is \$31,000 or less **and**

- The parents are eligible to file a 2010 IRS Form 1040A or 1040EZ (they are not required to file a 2010 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 2009 or 2010 from any of the designated means-tested Federal benefit programs **or**
- Either one 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. <b>AVAILABLE INCOME (AI)</b> May be a negative number.	=

PARENTS' CONTRIBUTION FROM ASSETS	
16. Cash, savings & checking (FAFSA/SAR #88)	
17. Net worth of investments** (FAFSA/SAR #89) If negative, enter zero.	
18. Net worth of business and/or investment farm (FAFSA/SAR #90) If negative, enter zero.	
19. Adjusted net worth of business/farm (Calculate using Table A4.)	+
20. <b>Net worth</b> (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. <b>CONTRIBUTION FROM ASSETS</b> If negative, enter zero.	=

PARENTS' CONTRIBUTION	
<b>AVAILABLE INCOME (AI)</b> (from line 15)	
<b>CONTRIBUTION FROM ASSETS</b> (from line 24)	+
25. <b>Adjusted Available Income (AAI)</b> May be a negative number.	=
26. <b>Total parents' contribution from AAI</b> (Calculate using Table A6.) If negative, enter zero.	
27. <b>Number in college in 2011-2012</b> (Exclude parents) (FAFSA/SAR #73)	÷
28. <b>PARENTS' CONTRIBUTION</b> (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

**STUDENT'S INCOME IN 2010**

29. Adjusted Gross Income (FAFSA/SAR #35) If negative, enter zero.		
30. Income earned from work (FAFSA/SAR #38)		
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 #44.a. through 44.j.)	+	
33. Taxable and untaxed income (sum of line 31 and line 32)	=	
34. Total additional financial information (Total of FAFSA/SAR #43.a. through 43.f.)	-	
35. <b>TOTAL INCOME</b> (line 33 minus line 34) May be a negative number.	=	

**ALLOWANCES AGAINST STUDENT INCOME**

36. 2010 U.S. income tax paid (FAFSA/SAR #36) (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	+	<b>5,250</b>
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. <b>TOTAL ALLOWANCES</b>	=	

**STUDENT'S CONTRIBUTION FROM INCOME**

Total income (from line 35)		
Total allowances (from line 41)	-	
42. Available income (AI)	=	
43. Assessment of AI	×	<b>.50</b>
44. <b>STUDENT'S CONTRIBUTION FROM AI</b> If negative, enter zero.	=	

**STUDENT'S CONTRIBUTION FROM ASSETS**

45. Cash, savings & checking (FAFSA/SAR #40)		
46. Net worth of investments* (FAFSA/SAR #41) If negative, enter zero.		
47. Net worth of business and/or investment farm (FAFSA/SAR #42) If negative, enter zero.	+	
48. <b>Net worth</b> (sum of lines 45 through 47)	=	
49. Assessment rate	×	<b>.20</b>
50. <b>STUDENT'S CONTRIBUTION FROM ASSETS</b>	=	

**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. <b>EXPECTED FAMILY CONTRIBUTION</b> (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:** 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.

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

<b>Calculation of Parents' Contribution for a Student Enrolled MORE than Nine Months</b>		
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	+	<b>4,490</b>
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 #73)	÷	
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	÷	<b>12</b>
B10. Parents' contribution per month	=	
B11. Number of months student will be enrolled that exceed 9	×	
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)	+	
<b>B14. Parents' contribution for MORE than nine-month enrollment</b>	=	

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

\*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**

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

<p><b>Parents' Contribution—use ONE appropriate amount from previous page:</b>          • Enter amount from line A5 for enrollment periods less than nine months <b>OR</b>          • Enter amount from line B14 for enrollment periods greater than nine months</p>	
<p><b>Student's Contribution from Available Income—use ONE appropriate amount from previous page:</b>          • Enter amount from line C5 for enrollment periods less than nine months <b>OR</b>          • Enter amount from line 44 for enrollment periods greater than nine months</p>	+
<p><b>Student's Contribution from Assets</b>          • Enter amount from line 50</p>	+
<p><b>Expected Family Contribution for periods of enrollment other than nine months</b></p>	=

# 2011-2012 EFC FORMULA **A** : DEPENDENT STUDENT

SIMPLIFIED  
WORKSHEET  
Page 1

# A

PARENTS' INCOME IN 2010	
1. Parents' Adjusted Gross Income (FAFSA/SAR #83) If negative, enter zero.	
2. a. Father's/stepfather's income earned from work (FAFSA/SAR #86)	
2. b. Mother's/stepmother's income earned from work (FAFSA/SAR #87)	+
Total parents' income earned from work	=
3. Parents' 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 (sum total of FAFSA/SAR #92.a. through 92.i.)	+
5. Taxable and untaxed income (sum of line 3 and line 4)	=
6. Total additional financial information (sum total of FAFSA/SAR #91.a. through 91.f.)	-
7. <b>TOTAL INCOME</b> (line 5 minus line 6) May be a negative number.	=

ALLOWANCES AGAINST PARENTS' INCOME	
8. 2010 U.S. income tax paid (FAFSA/SAR #84) (tax filers only) If negative, enter zero.	
9. State and other tax allowance (Table A1) If negative, enter zero.	+
10. Father's/stepfather's Social Security tax allowance (Table A2)	+
11. Mother's/stepmother's Social Security tax allowance (Table A2)	+
12. Income protection allowance (Table A3)	+
13. Employment expense allowance:  <ul style="list-style-type: none"> <li>Two working parents: 35% of the lesser of the earned incomes, or \$3,500, whichever is less</li> <li>One-parent families: 35% of earned income, or \$3,500, whichever is less</li> <li>Two-parent families, one working parent: enter zero</li> </ul>	+
14. <b>TOTAL ALLOWANCES</b>	=

\*STOP HERE if the following are true:

Line 3 is \$31,000 or less **and**

- The parents are eligible to file a 2010 IRS Form 1040A or 1040EZ (they are not required to file a 2010 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 2009 or 2010 from any of the designated means-tested Federal benefit programs **or**
- Either one 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. <b>AVAILABLE INCOME (AI)</b> May be a negative number.	=

PARENTS' CONTRIBUTION FROM ASSETS	
16. Cash, savings & checking (FAFSA/SAR #88)	
17. Net worth of investments** (FAFSA/SAR #89) If negative, enter zero.	
18. Net worth of business and/or investment farm (FAFSA/SAR #90) If negative, enter zero.	
19. Adjusted net worth of business/farm (Calculate using Table A4.)	+
20. <b>Net worth</b> (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. <b>CONTRIBUTION FROM ASSETS</b> If negative, enter zero.	=

PARENTS' CONTRIBUTION	
AVAILABLE INCOME (AI) (from line 15)	
CONTRIBUTION FROM ASSETS (from line 24)	+
25. <b>Adjusted Available Income (AAI)</b> May be a negative number.	=
26. <b>Total parents' contribution from AAI</b> (Calculate using Table A6.) If negative, enter zero.	
27. <b>Number in college in 2011-2012</b> (Exclude parents) (FAFSA/SAR #73)	÷
28. <b>PARENTS' CONTRIBUTION</b> (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

**STUDENT'S INCOME IN 2010**

29. Adjusted Gross Income (FAFSA/SAR #35) If negative, enter zero.		
30. Income earned from work (FAFSA/SAR #38)		
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 #44.a. through 44.j.)	+	
33. Taxable and untaxed income (sum of line 31 and line 32)	=	
34. Total additional financial information (Total of FAFSA/SAR #43.a. through 43.f.)	-	
35. <b>TOTAL INCOME</b> (line 33 minus line 34) May be a negative number.	=	

**ALLOWANCES AGAINST STUDENT INCOME**

36. 2010 U.S. income tax paid (FAFSA/SAR #36) (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	+	5,250
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. <b>TOTAL ALLOWANCES</b>	=	

**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. <b>STUDENT'S CONTRIBUTION FROM AI</b> If negative, enter zero.	=	

**STUDENT'S CONTRIBUTION FROM ASSETS**

45. Cash, savings & checking (FAFSA/SAR #40)	+	
46. Net worth of investments* (FAFSA/SAR #41) If negative, enter zero.		
47. Net worth of business and/or investment farm (FAFSA/SAR #42) If negative, enter zero.	+	
48. <b>Net worth</b> (sum of lines 45 through 47)	=	
49. Assessment rate	×	
50. <b>STUDENT'S CONTRIBUTION FROM ASSETS</b>	=	

**EXPECTED FAMILY CONTRIBUTION**

<b>PARENTS' CONTRIBUTION</b> (from line 28)		
<b>STUDENT'S CONTRIBUTION FROM AI</b> (from line 44)	+	
<b>STUDENT'S CONTRIBUTION FROM ASSETS</b> (from line 50)	+	
51. <b>EXPECTED FAMILY CONTRIBUTION</b> 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.**

**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.

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

<b>Calculation of Parents' Contribution for a Student Enrolled MORE than Nine Months</b>		
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	+	<b>4,490</b>
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 #73)	÷	
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	÷	<b>12</b>
B10. Parents' contribution per month	=	
B11. Number of months student will be enrolled that exceed 9	×	
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)	+	
<b>B14. Parents' contribution for MORE than nine-month enrollment</b>	=	

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

\*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**

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

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

**Table A1: State and Other Tax Allowance**  
for EFC Formula Worksheet A (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%	Missouri.....	5%	4%
Alaska.....	2%	1%	Montana.....	5%	4%
American Samoa.....	3%	2%	Nebraska.....	5%	4%
Arizona.....	5%	4%	Nevada.....	4%	3%
Arkansas.....	4%	3%	New Hampshire.....	5%	4%
California.....	8%	7%	New Jersey.....	10%	9%
Canada and Canadian			New Mexico.....	3%	2%
Provinces.....	3%	2%	New York.....	9%	8%
Colorado.....	5%	4%	North Carolina.....	6%	5%
Connecticut.....	7%	6%	North Dakota.....	3%	2%
Delaware.....	5%	4%	Northern Mariana		
District of Columbia.....	7%	6%	Islands.....	3%	2%
Federated States			Ohio.....	6%	5%
of Micronesia.....	3%	2%	Oklahoma.....	4%	3%
Florida.....	4%	3%	Oregon.....	8%	7%
Georgia.....	6%	5%	Palau.....	3%	2%
Guam.....	3%	2%	Pennsylvania.....	5%	4%
Hawaii.....	4%	3%	Puerto Rico.....	3%	2%
Idaho.....	5%	4%	Rhode Island.....	7%	6%
Illinois.....	6%	5%	South Carolina.....	5%	4%
Indiana.....	4%	3%	South Dakota.....	2%	1%
Iowa.....	5%	4%	Tennessee.....	2%	1%
Kansas.....	5%	4%	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.....	4%	3%
Massachusetts.....	6%	5%	West Virginia.....	3%	2%
Mexico.....	3%	2%	Wisconsin.....	7%	6%
Michigan.....	5%	4%	Wyoming.....	2%	1%
Minnesota.....	6%	5%	Blank or Invalid		
Mississippi.....	3%	2%	State.....	3%	2%
			OTHER.....	3%	2%

Multiply Parents' Total Income (EFC Formula Worksheet A, line 7) by the appropriate rate from the table above to get the "State and Other Tax Allowance" (EFC Formula Worksheet A, line 9). Use the parents' State of Legal Residence (FAFSA/SAR #69). 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 rate for a blank or invalid state above.

## Table A2: Social Security Tax

Calculate separately the Social Security tax of father, mother, and student.

Income Earned from Work*	Social Security Tax
\$0 - \$106,800	7.65% of income
\$106,801 or greater	\$8,170.20 + 1.45% of amount over \$106,800

\*Father's/stepfather's 2010 income earned from work is FAFSA/SAR #86.  
 Mother's/stepmother's 2010 income earned from work is FAFSA/SAR #87.  
 Student's 2010 income earned from work is FAFSA/SAR #38.  
 Social Security tax will never be less than zero.

## Table A3: Income Protection Allowance

Number in parents' household, including student (FAFSA/SAR #72)	Number of college students in household (FAFSA/SAR #73)				
	1	2	3	4	5
2 .....	\$16,230	\$13,450	————	————	————
3 .....	20,210	17,450	\$14,670	————	————
4 .....	24,970	22,190	19,430	\$16,650	————
5 .....	29,460	26,680	23,920	21,140	\$18,380
6 .....	34,460	31,680	28,920	26,140	23,380

Note: For each additional family member, add \$3,890.  
 For each additional college student (except parents), subtract \$2,760.

## Table A4: Business/Farm Net Worth Adjustment for EFC Formula Worksheet A (parents only)

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than \$1	\$0
\$1 to \$115,000	40% of net worth of business/farm
\$115,001 to \$345,000	\$ 46,000 + 50% of net worth over \$115,000
\$345,001 to \$580,000	\$161,000 + 60% of net worth over \$345,000
\$580,001 or more	\$302,000 + 100% of net worth over \$580,000

**Table A5: Education Savings and Asset Protection Allowance**

for EFC Formula Worksheet A (parents only)

<i>Age of older parent as of 12/31/2011*</i>	Allowance if there are two parents	Allowance if there is only one parent	<i>Age of older parent as of 12/31/2011*</i>	Allowance if there are two parents	Allowance if there is only one parent
25 or less	\$0	\$0	45.....	\$42,900	\$14,900
26.....	2,500	900	46.....	44,000	15,200
27.....	5,100	1,800	47.....	45,100	15,500
28.....	7,600	2,700	48.....	46,200	15,900
29.....	10,200	3,500	49.....	47,400	16,300
30.....	12,700	4,400	50.....	48,800	16,700
31.....	15,300	5,300	51.....	50,000	17,100
32.....	17,800	6,200	52.....	51,200	17,500
33.....	20,400	7,100	53.....	52,800	18,000
34.....	22,900	8,000	54.....	54,300	18,400
35.....	25,500	8,900	55.....	55,600	18,800
36.....	28,000	9,800	56.....	57,300	19,300
37.....	30,600	10,600	57.....	58,700	19,800
38.....	33,100	11,500	58.....	60,400	20,300
39.....	35,700	12,400	59.....	62,200	20,800
40.....	38,200	13,300	60.....	64,000	21,400
41.....	38,900	13,600	61.....	65,800	22,000
42.....	39,900	13,900	62.....	67,700	22,600
43.....	40,900	14,200	63.....	70,000	23,200
44.....	41,900	14,500	64.....	72,000	23,800
			65 or over..	74,000	24,500

\*Determine the age of the older parent listed in FAFSA/SAR #63 and #67 as of 12/31/11.  
If no parent date of birth is provided, use age 45.

**Table A6: Parents' Contribution from AAI**

<b>If parents' AAI is—</b>	<b>The parents' contribution from AAI is—</b>
Less than -\$3,409	-\$750
-\$3,409 to \$14,500	22% of AAI
\$14,501 to \$18,200	\$3,190 + 25% of AAI over \$14,500
\$18,201 to \$21,900	\$4,115 + 29% of AAI over \$18,200
\$21,901 to \$25,600	\$5,188 + 34% of AAI over \$21,900
\$25,601 to \$29,300	\$6,446 + 40% of AAI over \$25,600
\$29,301 or more	\$7,926 + 47% of AAI over \$29,300

## Table A7: State and Other Tax Allowance

for EFC Formula Worksheet A (student only)

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

Multiply the student's total income (EFC Formula Worksheet A, line 35) by the appropriate rate from the table above to get the "state and other tax allowance" (EFC Formula Worksheet A, line 37). 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 #69). If all three items are blank or invalid, use the rate for a blank or invalid state above.

# 2011-2012 EFC FORMULA **B** : INDEPENDENT STUDENT Without Dependent(s) Other than a Spouse

REGULAR  
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Page 1

# B

STUDENT/SPOUSE INCOME IN 2010	
1. Student's and spouse's Adjusted Gross Income (FAFSA/SAR #35) If negative, enter zero.	
2. a. Student's income earned from work (FAFSA/SAR #38)	
2. b. Spouse's income earned from work (FAFSA/SAR #39)	+
Total student/spouse income earned from work	=
3. Student/spouse 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 (sum total of FAFSA/SAR #44.a. through 44.j.)	+
5. Taxable and untaxed income (sum of line 3 and line 4)	
6. Total additional financial information (sum total of FAFSA/SAR #43.a. through 43.f.)	-
7. <b>TOTAL INCOME</b> (line 5 minus line 6) May be a negative number.	=

ALLOWANCES AGAINST STUDENT/SPOUSE INCOME	
8. 2010 U.S. income tax paid (FAFSA/SAR #36) (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"> <li>• \$8,550 for single, separated or divorced/widowed student;</li> <li>• \$8,550 for married student if spouse is enrolled at least 1/2 time;</li> <li>• \$13,710 for married student if spouse is not enrolled at least 1/2 time.</li> </ul>	+
13. Employment expense allowance: <ul style="list-style-type: none"> <li>• If student is not married or is separated, the allowance is zero.</li> <li>• If student is married but only one person is working (the student or spouse), the allowance is zero.</li> <li>• If student is married and both student and spouse are working, the allowance is 35% of the lesser of the earned incomes, or \$3,500, whichever is less.</li> </ul>	+
14. <b>TOTAL ALLOWANCES</b>	=

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

STUDENT'S/SPOUSE'S CONTRIBUTION FROM ASSETS	
18. Cash, savings & checking (FAFSA/SAR #40)	
19. Net worth of investments* (FAFSA/SAR #41) If negative, enter zero.	
20. Net worth of business and/or investment farm (FAFSA/SAR #42) If negative, enter zero.	
21. Adjusted net worth of business/farm (Calculate using Table B3.)	+
22. <b>Net worth</b> (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	× <b>.20</b>
26. <b>CONTRIBUTION FROM ASSETS</b> 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. <b>Contribution from AI and assets</b>	=
28. <b>Number in college in 2011-2012</b> (FAFSA/SAR #94)	÷
29. <b>EXPECTED FAMILY CONTRIBUTION</b> 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:** 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.

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	÷	<b>9</b>
Expected Family Contribution per month	=	
Multiply by number of months of enrollment	×	
<b>Expected Family Contribution for less than nine-month enrollment*</b>	=	

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

**2011-2012 EFC FORMULA B : INDEPENDENT STUDENT  
Without Dependent(s) Other than a Spouse**

SIMPLIFIED  
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Page 1

**B**

STUDENT/SPOUSE INCOME IN 2010	
1. Student's and spouse's Adjusted Gross Income (FAFSA/SAR #35) If negative, enter zero.	
2. a. Student's income earned from work (FAFSA/SAR #38)	
2. b. Spouse's income earned from work (FAFSA/SAR #39)	
Total student/spouse income earned from work	=
3. Student/spouse 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 (sum total of FAFSA/SAR #44.a. through 44.j.)	+
5. Taxable and untaxed income (sum of line 3 and line 4)	
6. Total additional financial information (sum total of FAFSA/SAR #43.a. through 43.f.)	
7. <b>TOTAL INCOME</b> (line 5 minus line 6) May be a negative number.	=

ALLOWANCES AGAINST STUDENT/SPOUSE INCOME	
8. 2010 U.S. income tax paid (FAFSA/SAR #36) (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"> <li>\$8,550 for single, separated or divorced/widowed student;</li> <li>\$8,550 for married student if spouse is enrolled at least 1/2 time;</li> <li>\$13,710 for married student if only the student is enrolled at least 1/2 time.</li> </ul>	+
13. Employment expense allowance: <ul style="list-style-type: none"> <li>If student is not married or is separated, the allowance is zero.</li> <li>If student is married but only one person is working (the student or spouse), the allowance is zero.</li> <li>If student is married and both student and spouse are working, the allowance is 35% of the lesser of the earned incomes, or \$3,500, whichever is less.</li> </ul>	+
14. <b>TOTAL ALLOWANCES</b>	=

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

STUDENT'S/SPOUSE'S CONTRIBUTION FROM ASSETS	
18. Cash, savings & checking (FAFSA/SAR #40)	
19. Net worth of investments* (FAFSA/SAR #41) If negative, enter zero.	
20. Net worth of business and/or investment farm (FAFSA/SAR #42) If negative, enter zero.	
21. Adjusted net worth of business/farm (Calculate using Table B3.)	+
22. <b>Net worth</b> (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. <b>CONTRIBUTION FROM ASSETS</b> 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. <b>Contribution from AI and assets</b>	=
28. <b>Number in college in 2011-2012</b> (FAFSA/SAR #94)	÷
29. <b>EXPECTED FAMILY CONTRIBUTION</b> 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.**

**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.

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	÷	<b>9</b>
Expected Family Contribution per month	=	
Multiply by number of months of enrollment	×	
<b>Expected Family Contribution for less than nine-month enrollment*</b>	=	

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

**Table B1: State and Other Tax Allowance**

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

Multiply the total income of student and spouse (EFC Formula Worksheet B, line 7) by the appropriate rate from the table above to get the “state and other tax allowance” (EFC Formula Worksheet B, line 9). Use the student’s State of Legal Residence (FAFSA/SAR #18) reported on the FAFSA. 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 rate for blank or invalid state above.

## Table B2: Social Security Tax

Calculate separately the Social Security tax of student and spouse.

Income Earned from Work*	Social Security Tax
\$0 - \$106,800	7.65% of income
\$106,801 or greater	\$8,170.20 + 1.45% of amount over \$106,800

\*Student's 2010 income earned from work is FAFSA/SAR #38.  
 Spouse's 2010 income earned from work is FAFSA/SAR #39.  
 Social Security tax will never be less than zero.

## 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 \$115,000	40% of net worth of business/farm
\$115,001 to \$345,000	\$ 46,000 + 50% of net worth over \$115,000
\$345,001 to \$580,000	\$161,000 + 60% of net worth over \$345,000
\$580,001 or more	\$302,000 + 100% of net worth over \$580,000

**Table B4: Asset Protection Allowance**

Age of student as of 12/31/11*	Allowance for—		Age of student as of 12/31/11*	Allowance for—	
	Married Student	Unmarried Student		Married Student	Unmarried Student
25 or less	\$0	\$0	45.....	\$42,900	\$14,900
26.....	2,500	900	46.....	44,000	15,200
27.....	5,100	1,800	47.....	45,100	15,500
28.....	7,600	2,700	48.....	46,200	15,900
29.....	10,200	3,500	49.....	47,400	16,300
30.....	12,700	4,400	50.....	48,800	16,700
31.....	15,300	5,300	51.....	50,000	17,100
32.....	17,800	6,200	52.....	51,200	17,500
33.....	20,400	7,100	53.....	52,800	18,000
34.....	22,900	8,000	54.....	54,300	18,400
35.....	25,500	8,900	55.....	55,600	18,800
36.....	28,000	9,800	56.....	57,300	19,300
37.....	30,600	10,600	57.....	58,700	19,800
38.....	33,100	11,500	58.....	60,400	20,300
39.....	35,700	12,400	59.....	62,200	20,800
40.....	38,200	13,300	60.....	64,000	21,400
41.....	38,900	13,600	61.....	65,800	22,000
42.....	39,900	13,900	62.....	67,700	22,600
43.....	40,900	14,200	63.....	70,000	23,200
44.....	41,900	14,500	64.....	72,000	23,800
			65 or over..	74,000	24,500

\*Determine student's age as of 12/31/11 from student's date of birth (FAFSA/SAR #9)



# 2011-2012 EFC FORMULA **C**: INDEPENDENT STUDENT With Dependent(s) Other than a Spouse

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STUDENT/SPOUSE INCOME IN 2010	
1. Student's and spouse's Adjusted Gross Income (FAFSA/SAR #35) If negative, enter zero.	
2. a. Student's income earned from work (FAFSA/SAR #38)	_____
2. b. Spouse's income earned from work (FAFSA/SAR #39)	+ _____
Total student/spouse income earned from work	= _____
3. Student/spouse 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 (sum total of FAFSA/SAR #44.a. through 44.j.)	+ _____
5. Taxable and untaxed income (sum of line 3 and line 4)	
6. Total additional financial information (sum total of FAFSA/SAR #43.a. through 43.f.)	
<b>7. TOTAL INCOME</b> (line 5 minus line 6) May be a negative number.	= _____

ALLOWANCES AGAINST STUDENT/SPOUSE INCOME	
8. 2010 U.S. income tax paid (FAFSA/SAR #36) (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"> <li>• Student and spouse both working: 35% of the lesser of the earned incomes, or \$3,500, whichever is less</li> <li>• One-parent families: 35% of earned income, or \$3,500, whichever is less</li> <li>• Student or spouse working (not both): zero</li> </ul>	+
<b>14. TOTAL ALLOWANCES</b>	= _____

\*STOP HERE if the following are true:

Line 3 is \$31,000 or less **and**

- The student (and the student's spouse, if any) are eligible to file a 2010 IRS Form 1040A or 1040EZ (they are not required to file a 2010 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 2009 or 2010 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	
<b>TOTAL INCOME</b> (from line 7)	
<b>TOTAL ALLOWANCES</b> (from line 14)	-
<b>15. AVAILABLE INCOME (AI)</b> May be a negative number.	= _____

STUDENT'S/SPOUSE'S CONTRIBUTION FROM ASSETS	
16. Cash, savings & checking (FAFSA/SAR #40)	
17. Net worth of investments** (FAFSA/SAR #41) If negative, enter zero.	
18. Net worth of business and/or investment farm (FAFSA/SAR #42) If negative, enter zero.	_____
19. Adjusted net worth of business/farm (Calculate using Table C4.)	+ _____
<b>20. Net worth</b> (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	× <b>.07</b>
<b>24. CONTRIBUTION FROM ASSETS</b> If negative, enter zero.	

EXPECTED FAMILY CONTRIBUTION	
<b>AVAILABLE INCOME (AI)</b> (from line 15)	
<b>CONTRIBUTION FROM ASSETS</b> (from line 24)	+
<b>25. Adjusted Available Income (AAI)</b> May be a negative number.	= _____
<b>26. Total contribution from AAI</b> (Calculate using Table C6.) If negative, enter zero.	
<b>27. Number in college in 2011-2012</b> (FAFSA/SAR #94)	÷
<b>28. EXPECTED FAMILY CONTRIBUTION</b> 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:** 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.

<b>Calculation of Expected Family Contribution for a Student Enrolled for Less than Nine Months</b>		
Expected Family Contribution (standard contribution for nine-month enrollment, from line 28)		
Divide by 9	÷	<b>9</b>
Expected Family Contribution per month	=	
Multiply by number of months of enrollment	×	
<b>Expected Family Contribution for less than nine-month enrollment*</b>	=	

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

# 2011-2012 EFC FORMULA **C**: INDEPENDENT STUDENT With Dependent(s) Other than a Spouse

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STUDENT/SPOUSE INCOME IN 2010	
1. Student's and spouse's Adjusted Gross Income (FAFSA/SAR #35) If negative, enter zero.	
2. a. Student's income earned from work (FAFSA/SAR #38)	
2. b. Spouse's income earned from work (FAFSA/SAR #39)	+
Total student/spouse income earned from work	=
3. Student/spouse 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 (sum total of FAFSA/SAR #44.a. through 44.j.)	+
5. Taxable and untaxed income (sum of line 3 and line 4)	
6. Total additional financial information (sum total of FAFSA/SAR #43.a. through 43.f.)	
7. <b>TOTAL INCOME</b> (line 5 minus line 6) May be a negative number.	=

ALLOWANCES AGAINST STUDENT/SPOUSE INCOME	
8. 2010 U.S. income tax paid (FAFSA/SAR #36) (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"> <li>• Student and spouse both working: 35% of the lesser of the earned incomes, or \$3,500, whichever is less</li> <li>• One-parent families: 35% of earned income, or \$3,500, whichever is less</li> <li>• Student or spouse working (not both): zero</li> </ul>	+
14. <b>TOTAL ALLOWANCES</b>	=

\*STOP HERE if the following are true:

Line 3 is \$31,000 or less **and**

- The student (and the student's spouse, if any) are eligible to file a 2010 IRS Form 1040A or 1040EZ (they are not required to file a 2010 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 2009 or 2010 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. <b>AVAILABLE INCOME (AI)</b> May be a negative number.	=

STUDENT'S/SPOUSE'S CONTRIBUTION FROM ASSETS	
16. Cash, savings & checking (FAFSA/SAR #40)	
17. Net worth of investments** (FAFSA/SAR #41) If negative, enter zero.	
18. Net worth of business and/or investment farm (FAFSA/SAR #42) If negative, enter zero.	
19. Adjusted net worth of business/farm (Calculate using Table C4.)	+
20. <b>Net worth</b> (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. <b>CONTRIBUTION FROM ASSETS</b> If negative, enter zero.	

EXPECTED FAMILY CONTRIBUTION	
AVAILABLE INCOME (AI) (from line 15)	
CONTRIBUTIONS FROM ASSETS (from line 24)	+
25. <b>Adjusted available income (AAI)</b> May be a negative number.	=
26. <b>Total contribution from AAI</b> (Calculate using Table C6.) If negative, enter zero.	
27. <b>Number in college in 2011-2012</b> (FAFSA/SAR #94)	÷
28. <b>EXPECTED FAMILY CONTRIBUTION</b> 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.**

**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.

**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	÷	<b>9</b>
Expected Family Contribution per month	=	
Multiply by number of months enrollment	×	
<b>Expected Family Contribution for less than nine-month enrollment*</b>	=	

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

**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%	Missouri.....	5%	4%
Alaska.....	2%	1%	Montana.....	5%	4%
American Samoa.....	3%	2%	Nebraska.....	5%	4%
Arizona.....	5%	4%	Nevada.....	4%	3%
Arkansas.....	4%	3%	New Hampshire.....	5%	4%
California.....	8%	7%	New Jersey.....	10%	9%
Canada and Canadian			New Mexico.....	3%	2%
Provinces.....	3%	2%	New York.....	9%	8%
Colorado.....	5%	4%	North Carolina.....	6%	5%
Connecticut.....	7%	6%	North Dakota.....	3%	2%
Delaware.....	5%	4%	Northern Mariana		
District of Columbia.....	7%	6%	Islands.....	3%	2%
Federated States			Ohio.....	6%	5%
of Micronesia.....	3%	2%	Oklahoma.....	4%	3%
Florida.....	4%	3%	Oregon.....	8%	7%
Georgia.....	6%	5%	Palau.....	3%	2%
Guam.....	3%	2%	Pennsylvania.....	5%	4%
Hawaii.....	4%	3%	Puerto Rico.....	3%	2%
Idaho.....	5%	4%	Rhode Island.....	7%	6%
Illinois.....	6%	5%	South Carolina.....	5%	4%
Indiana.....	4%	3%	South Dakota.....	2%	1%
Iowa.....	5%	4%	Tennessee.....	2%	1%
Kansas.....	5%	4%	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.....	4%	3%
Massachusetts.....	6%	5%	West Virginia.....	3%	2%
Mexico.....	3%	2%	Wisconsin.....	7%	6%
Michigan.....	5%	4%	Wyoming.....	2%	1%
Minnesota.....	6%	5%	Blank or Invalid		
Mississippi.....	3%	2%	State.....	3%	2%
			OTHER.....	3%	2%

Multiply the total income of student and spouse (EFC Formula Worksheet C, line 7) by the appropriate rate from the table above to get the “state and other tax allowance” (EFC Formula Worksheet C, line 9). Use the student’s State of Legal Residence (FAFSA/SAR #18) reported on the FAFSA. 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 rate for blank or invalid state above.

## Table C2: Social Security Tax

Calculate separately the Social Security tax of student and spouse.

Income Earned from Work*	Social Security Tax
\$0 - \$106,800	7.65% of income
\$106,801 or greater	\$8,170.20 + 1.45% of amount over \$106,800

\*Student's 2010 income earned from work is FAFSA/SAR #38.  
 Spouse's 2010 income earned from work is FAFSA/SAR #39.  
 Social Security tax will never be less than zero.

## Table C3: Income Protection Allowance

Number in student's household, including student (FAFSA/SAR #93)	Number of college students in household (FAFSA/SAR #94)				
	1	2	3	4	5
2 . . . . .	\$21,660	\$17,960	—	—	—
3 . . . . .	26,960	23,280	\$19,580	—	—
4 . . . . .	33,300	29,600	25,920	\$22,210	—
5 . . . . .	39,300	35,590	31,900	28,200	\$24,520
6 . . . . .	45,950	42,250	38,580	34,860	31,190

Note: For each additional family member, add \$5,180.  
 For each additional college student, subtract \$3,690.

## 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 \$115,000	40% of net worth of business/farm
\$115,001 to \$345,000	\$ 46,000 + 50% of net worth over \$115,000
\$345,001 to \$580,000	\$161,000 + 60% of net worth over \$345,000
\$580,001 or more	\$302,000 + 100% of net worth over \$580,000

**Table C5: Asset Protection Allowance**

Age of student as of 12/31/11*	Allowance for—		Age of student as of 12/31/11*	Allowance for—	
	Married Student	Unmarried Student		Married Student	Unmarried Student
25 or less	\$0	\$0	45.....	\$42,900	\$14,900
26.....	2,500	900	46.....	44,000	15,200
27.....	5,100	1,800	47.....	45,100	15,500
28.....	7,600	2,700	48.....	46,200	15,900
29.....	10,200	3,500	49.....	47,400	16,300
30.....	12,700	4,400	50.....	48,800	16,700
31.....	15,300	5,300	51.....	50,000	17,100
32.....	17,800	6,200	52.....	51,200	17,500
33.....	20,400	7,100	53.....	52,800	18,000
34.....	22,900	8,000	54.....	54,300	18,400
35.....	25,500	8,900	55.....	55,600	18,800
36.....	28,000	9,800	56.....	57,300	19,300
37.....	30,600	10,600	57.....	58,700	19,800
38.....	33,100	11,500	58.....	60,400	20,300
39.....	35,700	12,400	59.....	62,200	20,800
40.....	38,200	13,300	60.....	64,000	21,400
41.....	38,900	13,600	61.....	65,800	22,000
42.....	39,900	13,900	62.....	67,700	22,600
43.....	40,900	14,200	63.....	70,000	23,200
44.....	41,900	14,500	64.....	72,000	23,800
			65 or over..	74,000	24,500

\*Determine student's age as of 12/31/11 from student's date of birth (FAFSA/SAR #9)

**Table C6: Contribution from AAI**

If student's AAI is—	The student's contribution from AAI is—
Less than -\$3,409	-\$750
-\$3,409 to \$14,500	22% of AAI
\$14,501 to \$18,200	\$3,190 + 25% of AAI over \$14,500
\$18,201 to \$21,900	\$4,115 + 29% of AAI over \$18,200
\$21,901 to \$25,600	\$5,188 + 34% of AAI over \$21,900
\$25,601 to \$29,300	\$6,446 + 40% of AAI over \$25,600
\$29,301 or more	\$7,926 + 47% of AAI over \$29,300

