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# THE EFC FORMULA, 2016–2017

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## ***What is the EFC?***

The Expected Family Contribution (EFC) is a number that determines students' eligibility for their Free Application for Federal Student Aid (FAFSA<sup>®</sup>) to calculate the EFC. Financial aid administrators (FAAs) subtract the EFC from students' cost of attendance (COA) to determine

- É Federal Pell Grants,
- É Federal Supplemental Educational Opportunity Grants (FSEOG),
- É Federal Perkins Loans, and
- É Federal Work-Study (FWS).

The Teacher Education Assistance for College and Higher Education Grant (TEACH Grant) is a non-need-based federal program, for which a student must also use the FAFSA to apply.

The methodology for determining the EFC is found in Part F of Title IV of the Higher Education Act of 1965, as amended (HEA). Tables used in the computation of the EFC for the 2016–2017 Award Year were published in the May 27, 2015 *Federal Register* ([khr0gf0iqxlhtgikuvgtulHT2749370jv on+\\* : 2"HT"52439+0"Vjg"vcdngu"ygtg"wr fcvgf"kp"vjg"Cwiwuv"5."4237"Federal Register \(khr0gf0iqxlhtgikuvgtulHT2:2537EqttgevkqpqvjgHgfgtcnPggfCpcn{ukuOgvjqfqni {hqtvjg42384239C \[0jv on+\\* : 2"HT"45966\)](#)).

## ***What is the source of data used in EFC calculations?***

by using FAFSA on the Web,

- É by using FAFSA on the Web,
- É by mailing a FAFSA to the Central Processing System (CPS).

reapply using a renewal FAFSA online. Applying for federal aid is free, but to be considered for

We encourage applicants to complete the FAFSA electronically because there are edits that

## Who processes the application, and how are students notified of their EFC?

The FAFSA processor, the Federal Student Aid Processor (FSAP), processes the FAFSA and uses it to calculate an EFC. After the FAFSA has been processed, the CPS sends the student an output document containing information about his or her application results. This document, called the Student Aid Report (SAR), contains information from the application and indicates whether the application was complete and signed. The SAR also contains the student's EFC. Students are instructed to carefully check the accuracy of the information on the SAR. Students are instructed to carefully check the accuracy of the information on the SAR.

## Which EFC Formula Worksheet should be used?

Use the following table to determine which EFC Formula Worksheet to use:

• Formula A for dependent students,

• Formula B for independent students who are dependents other than a spouse, and

• Formula C for independent students who are dependents other than a spouse.

Instructions for applicants who are eligible for the automatic zero EFC calculation are included in each worksheet. See page 5 for more information on which students qualify for an automatic zero EFC.

Uk o rnkŁgf"Hqt o wnc"C" Yqtmujggv"..... rcigu"35638 Tables A1 through A7 (use with Formula A Worksheet) .....pages 17–20
Uk o rnkŁgf"Hqt o wnc"D" Yqtmujggv..... rcigu"45646 Tables B1 through B4 (use with Formula B Worksheet) .....pages 25–27
Uk o rnkŁgf"Hqt o wnc"E" Yqtmujggv..... rcigu"53654 Tables C1 through C6 (use with Formula C Worksheet) ..... rcigu"55657

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

## ***What is the definition of an independent student?***

Because the EFC formula for a dependent student uses parental data and the two formulas for her dependency status. For the 2016–2017 Award Year, a student is automatically determined to

É The student

É Vjg"uwvfgpv"ku" o cttkgf"qt"ugrctevgf"\*dww"pqv" f kxqtegf+"cu"qh"vjg"fcvg"qh"vjg"cr rnkcevkkp0

É At the beginning of the 2016–2017 school year, the student will be enrolled in a master's or etc.).

É Vjg"uwvfgpv"ku"ewttgpn{"ugt xpi"qp"cevkxg"fwv{"kp"vjg"W0U0"Ct o gf"Hqtegu"qt"ku"c" Pcvkqpcn" I wctf"qt" Tgugtxgu"gpnkuvgg"ecnngf"kpqv"hgfgtcn"cevkxg"fwv{"hqt"rwtrqugu"qvjgt"vjcp"vtckkpi0

É Vjg"uwvfgpv"ku"c" xgvgtcp"qh"vjg"W0U0"Ct o gf"Hqtegu"\*ugg"vjg"fgLpkvkqp"kp"vjg"dqz"qp"rcig4).

É Vjg"uwvfgpv"jcu"qt"ykm"jcxg"qpg"qt" o qtg"ejknftgp"yjq"tgegkxg" o qtg"vjcp"jcnh"qh"vjgkt"uwrrqtvt htq o "jko"qt"jgt"dgvyggp"Lwn{"3."4238"cpf"Lwpg"52."42390

É Vjg"uwvfgpv"jcu"fgvgpfgpv\*+\*qvjgt"vjcp"ejknftgp"qt"urqwug+"yjq"nkxg"ykvj"jko"qt"jgt"cpf" yjq"tgegkxg" o qtg"vjcp"jcnh"qh"vjgkt"uwrrqtvt"htq o "vjg"uwvfgpv."pqy"cpf"vjtwij"Lwpg"52."42390

É Cv"cp{"vk o g"ukpeg"vjg"uwvfgpv"vwtpgf"ci g"35."dqvj"qh"vjg"uwvfgpv"rctgpvu"ygtg"fgegcugf."qt" the student was in foster care or was a dependent or ward of the court.

É As determined by a court in the student's state of legal residence, the student is now, or was upon reaching the age of majority, an emancipated minor (released from control by his or her parent or guardian).

É As determined by a court in the student's state of legal residence, the student is now, or was upon reaching the age of majority, in legal guardianship.

É On or after July 1, 2015, the student was determined by a high school or school district homeless liaison to be an unaccompanied youth who was homeless or was self-supporting and at risk of being homeless.

É On or after July 1, 2015, the student was determined by the director of an emergency shelter qt"vtcpukvkqpcn"jqwukpi"rtqitc o "hwpfgf"d{"vjg"W0U0" Fgrctv o gpv"qh" Jqwukpi"cpf"Wtdcp" Fgxnqr o gpv"vq"dg"cp"wpcee q o rcpkgf" {qwj"yjq"ycu"jq o gnguu"qt"ycu"ugnh/uwr rqtvkpi"cpf"cv" risk of being homeless.

É At any time on or after July 1, 2015, the student was determined by a director of a runaway qt"jq o gnguu" {qwj"dcuke"egpvt"qt"vtcpukvkqpcn"nkxkpi"rtqitc o "vq"dg"cp"wpcee q o rcpkgf" {qwj" who was homeless or was self-supporting and at risk of being homeless.

É wh20144005100470000044005700051005700008nt or guardian).

**TERMS USED IN THE DEFINITION OF AN INDEPENDENT STUDENT**

**LEGAL DEPENDENT.** "Cp{ "ejknftgp"qh"vjg"uvwfgpv"yjq"tgegkxg"oqtg"vjcp"jcnh"qh"vjgkt"uwr rqtv"htq o "vjg"uvwfgpv"\*ejknftgp"fq"pqv"jcxg"vq"nkxg"ykvj"vjg"uvwfgpv+." including a biological or adopted child. Also, any persons, other than a spouse, who nkxg"ykvj"vjg"uvwfgpv"cpf"tgegkxg"oqtg"vjcp"jcnh"qh"vjgkt"uwr rqtv"htq o "vjg"uvwfgpv"pqy"cpf"yknm"eqpvkpwg"vq"tgegkxg"oqtg"vjcp"jcnh"qh"vjgkt"uwr rqtv"htq o "vjg"uvwfgpv"vj tqw i j" Lwpg"52."42390

**VETERAN.** C"uvwfgpv"yjq<"\*3+"jcu"gpici g f"kp"cevkxg"ugtxkeg"kp"vjg"W0U0"Ct o g f" Hqtegu"\*Ct o {"Pcx{"Ckt"Hqteg."Octkpgu."qt"Eqcuv" I wctf+."qt"jcu"dggp" c" o g o dgt"qh" vjg"Pcvkqpcn" I wctf"qt" Tgugtxgu"yjq"y cu"ecnngf"vq"cevkxg"fwv{"hqt"rwt rqugu"qvjgt"vjcp" vtckpkpi."qt"y cu" c"ecfgv"qt" o kfu jkr o cp"cv"qpg"qh"vjg"ugtxkeg"cecfg o kgu."qt"cvvgpfgf" c"W0U0" o knkvct{"cecfg o {"rtgrctcvqt{"uejqqn."cpf"\*4+"y cu"tgngcugf"wpfgt" c"eqpfkvkqp" qvjgt"vjcp" fku jqpqtdng0"C"xvggtcp"ku"cnuq" c"uvwfgpv"yjq"fqgu"pqv" o gg v"vjku"fgLpkvkqp" pqy"dwv"yknm"d{"Lwpg"52."42390

**Which students qualify for the simplified EFC formulas?**

Vjg"hqnnqy kpi"etkvgtkc"fgvgt o kpg"y jkej"uvwfgpvu"jcxg"vjgkt"GHEu"ecnewncvgf"d{"c"uk o rnkLgf" hqt o wnc0""Cuugvu"ctg"pqv"eqpukfgtgf"kp"vjg"uk o rnkLgf"GHE" hqt o wncu0

For the 2016–2017 Award Year, a "uvwfgpv"swnkLgu" hqt"vjg"uk o rnkLgf"GHE" hqt o wnc"kh dqvj"\*3+"dgnqy"cpf"\*4+"qp"vjg"pgzv"rcig"ctg"vtwg<

- (1) Anyone included in the "jqwugjqnf"uk|g"\*cu"fgLpgf"qp"vjg"HCHUC+"tgegkxgf" dpggLv"fwtkpi"4236"qt"4237"htq o "cp{"qh"vjg"fgukipcvgf" o gcpu/vgugvf"hgfgtcn"dpggLv" rtqitc o u<"vjg"Uwr rng o gpvcn"Ugewtkv{"Kpeq o g"\*UUK+"Rtqitc o ."vjg"Uwr rng o gpvcn" Pwvtkvkqp" Cuukvcpeg"Rtqitc o "\*UPCR+."vjg"Htgg"cpf" Tgfwegf"Rtkeg"Uejqqn"Nwpej"Rtqitc o ." vjg"Vg o rqtct{"Cuukvcpeg" hqt" Pggf {"Hc o knkgu"\*VCPH+"Rtqitc o

- (2) The combined 2015 income of the student's \_\_\_\_\_ is \$49,999 or less.  
if income is \$49,999 or less.

The income threshold for an automatic zero EFC has increased to \$25,000 for the 2016–2017 Award Year.

For the 2016–2017 Award Year, a "cwwq o cvkecm { "swcnkŁgu" hqt "c" | gtq "GHE" kh"  
both (1) and (2) are true.

- (1) Anyone included in the "jqwugjqnf" uk | g "\*" cu" fgŁpgf" qp" vjg" HCHUC+" tgegkxgf"  
dpggŁvu" fwtkpi "4236" qt "4237" htq o "cp { "qh" vjg" fguk i pcvgf" o gcpu/vguvf" hgfgtcn" dpggŁv"  
rtqi tc o u < "vjg" UUK" Rtqi tc o . "UPCR. "vjg" Htgg" cpf" Tgfwegf" Rtkeg" Uejqqn" Nwpej "Rtqi tc o ."  
vjg" VCPH" Rtqi tc o <sup>7</sup>. "cpf" YKE="

the student's

<"

É" Łngf" qt" ygtg" gnki kdng" vq" Łng" c" 4237" KTU" Hqt o "3262C" qt "3262G \ <sup>8</sup>,  
É" Łngf" c" 4237" KTU" Hqt o "3262" dwv" ygtg" pqv" tgs wktgf" vq" fq" uq<sup>9</sup>, or  
É" ygtg" pqv" tgs wktgf" vq" Łng" cp { "kpeq o g" vcZ" tgvwtp="

the student's is a dislocated worker.

- (2) The combined 2015 income of the student's is \$25,000 or less.

É" Hqt" vcZ" Łngtu. "wug" vjg" rctgpvuø" c flwuvf" i tquu" kpeq o g" htq o "vjg" vcZ" tgvwtp" vq"  
determine if income is \$25,000 or less.  
É" Hqt" pqp/vcZ" Łngtu. "wug" vjg" kpeq o g" ujqyp" qp" vjg" 4237" Y/4" htq o u" of both parents  
(plus any other earnings from work not included on the W-2s) to determine if income  
is \$25,000 or less.

An "cwwq o cvkecm { "swcnkŁgu" hqt "c"  
zero EFC if dqvj "\*" 3+ "dgnqy" cpf "\*" 4+ "qp" vjg" pgzv" rcig" ctg" vtwg<

- (1) Anyone included in the "jqwugjqnf" uk | g "\*" cu" fgŁpgf" qp" vjg" HCHUC+" tgegkxgf"  
dpggŁvu" fwtkpi "4236" qt "4237" htq o "cp { "qh" vjg" fguk i pcvgf" o gcpu/vguvf" hgfgtcn" dpggŁv"  
rtqi tc o u < "vjg" UUK" Rtqi tc o . "UPCR. "vjg" Htgg" cpf" Tgfwegf" Rtkeg" Uejqqn" Nwpej "Rtqi tc o ."  
vjg" VCPH" Rtqi tc o <sup>10</sup>. "cpf" YKE="

the student and student's spouse (if the student is married) **both**

É" Łngf" qt" ygtg" gnki kdng" vq" Łng" c" 4237" KTU" Hqt o "3262C" qt "3262G \ <sup>11</sup>,  
É" Łngf" c" 4237" KTU" Hqt o "3262" dwv" ygtg" pqv" tgs wktgf" vq" fq" uq<sup>12</sup>, or  
É" ygtg" pqv" tgs wktgf" vq" Łng" cp { "kpeq o g" vcZ" tgvwtp="

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

<sup>7</sup> See note 1 on page 4.

<sup>8</sup> See note 2 on page 4.

<sup>9</sup> "Ugg" pqvg" 5" qp" rcig" 60"

<sup>10</sup> See note 1 on page 4.

<sup>11</sup> See note 2 on page 4.

<sup>12</sup> "Ugg" pqvg" 5" qp" rcig" 60"

- (2) The student's (and spouse's) combined 2015 income is \$25,000 or less.

É" Fqy

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Formula A Worksheet.....	pages 9–12
Simplified Formula A Worksheet .....	pages 13–16
Tables A1 through A7.....	pages 17–20

Formula B Worksheet.....	pages 21–22
Simplified Formula B Worksheet.....	pages 23–24
Tables B1 through B4.....	pages 25–27

Formula C Worksheet.....	pages 29–30
Simplified Formula C Worksheet.....	pages 31–32
Tables C1 through C6.....	pages 33–35

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





**A****STUDENT'S INCOME IN 2015**

Adjusted Gross Income (FAFSA/SAR #36) If negative, enter zero.	
Income earned from work (FAFSA/SAR #39)	
Taxable Income (If tax filer, enter the amount from line 29 above. If non-tax filer, enter the amount from line 30.)	
Total untaxed income and benefits (Total of FAFSA/SAR #45a. through 45j.)	
Taxable and untaxed income (sum of line 31 and line 32)	
Total additional financial information (Total of FAFSA/SAR #44a. through 44f.)	-
(line 33 minus line 34) May be a negative number.	




**STUDENT'S CONTRIBUTION FROM INCOME**

<b>2</b>	





# 2016–2017 EFC FORMULA **A**: DEPENDENT STUDENT

PARENTS' CONTRIBUTION FROM ASSETS	
Cash, savings & checking (FAFSA/SAR #90)	
Net worth of investments** (FAFSA/SAR #91) If negative, enter zero.	
Net worth of business and/or investment farm (FAFSA/SAR #92)  If negative, enter zero.	
Adjusted net worth of business/farm (Calculate using Table A4.)	
(sum of lines 16, 17, and 19)	
Education savings and asset protection allowance (Table A5)	–
Discretionary net worth	


\*\*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.**

\*STOP HERE if the following are true:

Line 3 is \$25,000 or less

- The parents are eligible to file a 2015 IRS Form 1040A or 1040EZ (they are not required to file a 2015 Form 1040) or they are not required to file any income tax return
- Anyone included in the parents' household size (as defined on the FAFSA) received benefits during 2014 or 2015 from any of the designated means-tested federal benefit programs
- Either of the parents is a dislocated worker.

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

*continued on the next page*

# A

## STUDENT'S INCOME IN 2015

Adjusted Gross Income (FAFSA/SAR #36) If negative, enter zero.	
Income earned from work (FAFSA/SAR #39)	
Taxable Income (If tax filer, enter the amount from line 29 above. If non-tax filer, enter the amount from line 30.)	
Total untaxed income and benefits (Total of FAFSA/SAR #45a. through 45j.)	
Taxable and untaxed income (sum of line 31 and line 32)	
Total additional financial information (Total of FAFSA/SAR #44a. through 44f.)	-



## STUDENT'S CONTRIBUTION FROM ASSETS

Cash, savings & checking (FAFSA/SAR #41)	
Net worth of investments* (FAFSA/SAR #42) If negative, enter zero	
Net worth of business and/or investment farm (FAFSA/SAR #43) If negative, enter zero.	
(sum of lines 45 through 47)	
Assessment rate	

(from line 50)	

\*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.**

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.




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	
B3. Alternate parents'	


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

**A**

<ul style="list-style-type: none"><li>• Enter amount from line A5 for enrollment periods less than nine months</li><li>• Enter amount from line B14 for enrollment periods greater than nine months</li></ul>	
<ul style="list-style-type: none"><li>• Enter amount from line C5 for enrollment periods less than nine months</li><li>• Enter amount from line 44 for enrollment periods greater than nine months</li></ul>	





**Table A2: Social Security Tax**

<b>Table A2: Social Security Tax</b>	
\$0 – \$118,500	7.65% of income
\$118,501 or greater	\$9,065.25 1.45% of amount over \$118,500
<p>*Parent 1 (father/mother/stepparent) 2015 income earned from work is FAFSA/SAR #88 Parent 2 (father/mother/stepparent) 2015 income earned from work is FAFSA/SAR #89 Student’s 2015 income earned from work is FAFSA/SAR#39 Social Security Tax will never be lem</p>	





2016–2017 EFC FORMULA **B**: INDEPENDENT STUDENT  
Without Dependent(s) Other than a Spouse







*\*Do not*

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**

Expected Family Contribution (standard contribution for nine-month enrollment, from line 29)	
Divide by 9	
Expected Family Contribution per month	
Multiply by number of months of 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).



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.



Expected Family Contribution (standard contribution for nine-month enrollment, from line 29)	
Divide by 9	
Expected Family Contribution per month	
Multiply by number of months of enrollment	

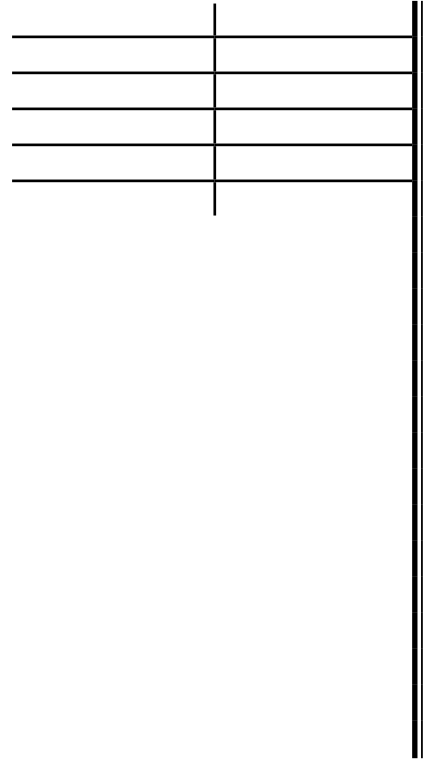
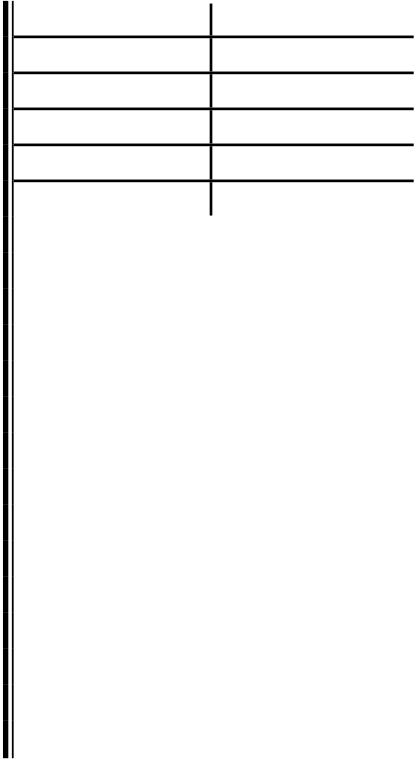
\*Substitute the student's EFC for less than nine-month enrollment in place of the EFC for the standard nine-month enrollment (EFC Formula B Worksheet, line 29.)





**Table B2: Social Security Tax**

\$0 – \$118,500	7.65% of income



*This page left blank intentionally.*



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.



Expected Family Contribution (standard contribution for nine-month enrollment, from line 28)	
Divide by 9	
Expected Family Contribution per month	
Multiply by number of months of 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).

**2016–2017 EFC FORMULA **C**: INDEPENDENT STUDENT  
With Dependent(s) Other than a Spouse**


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.



Expected Family Contribution (standard contribution for nine-month enrollment, from line 28)	
Divide by 9	

\*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).





**Table C2: Social Security Tax**

\$0 – \$118,500	7.65% of income
\$118,501 or greater	\$9,065.25 1.45% of amount over \$118,500
*Student's 2015 income earned from work is FAFSA/SAR #39 Spouse's 2015 income earned from work is FAFSA/SAR #40 Social Security Tax will never be less than zero.	

**Table C4: Business/Farm Net Worth Adjustment**

Less than \$1	\$0
\$1 to \$125,000	40% of net worth of business/farm
\$125,001 to \$380,000	\$50,000 50% of net worth over \$125,000
\$380,001 to \$635,000	\$177,500 60% of net worth over \$380,000
\$635,001 or more	\$330,500 100% of net worth over \$635,000



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