

The National Association of Student  
Financial Aid Administrators

***Negative AGI: Perspective from  
Financial Aid Administrators***

Christian Alberto  
albertoc@nasfaa.org

Dr. Gigi Jones  
jonesg@nasfaa.org

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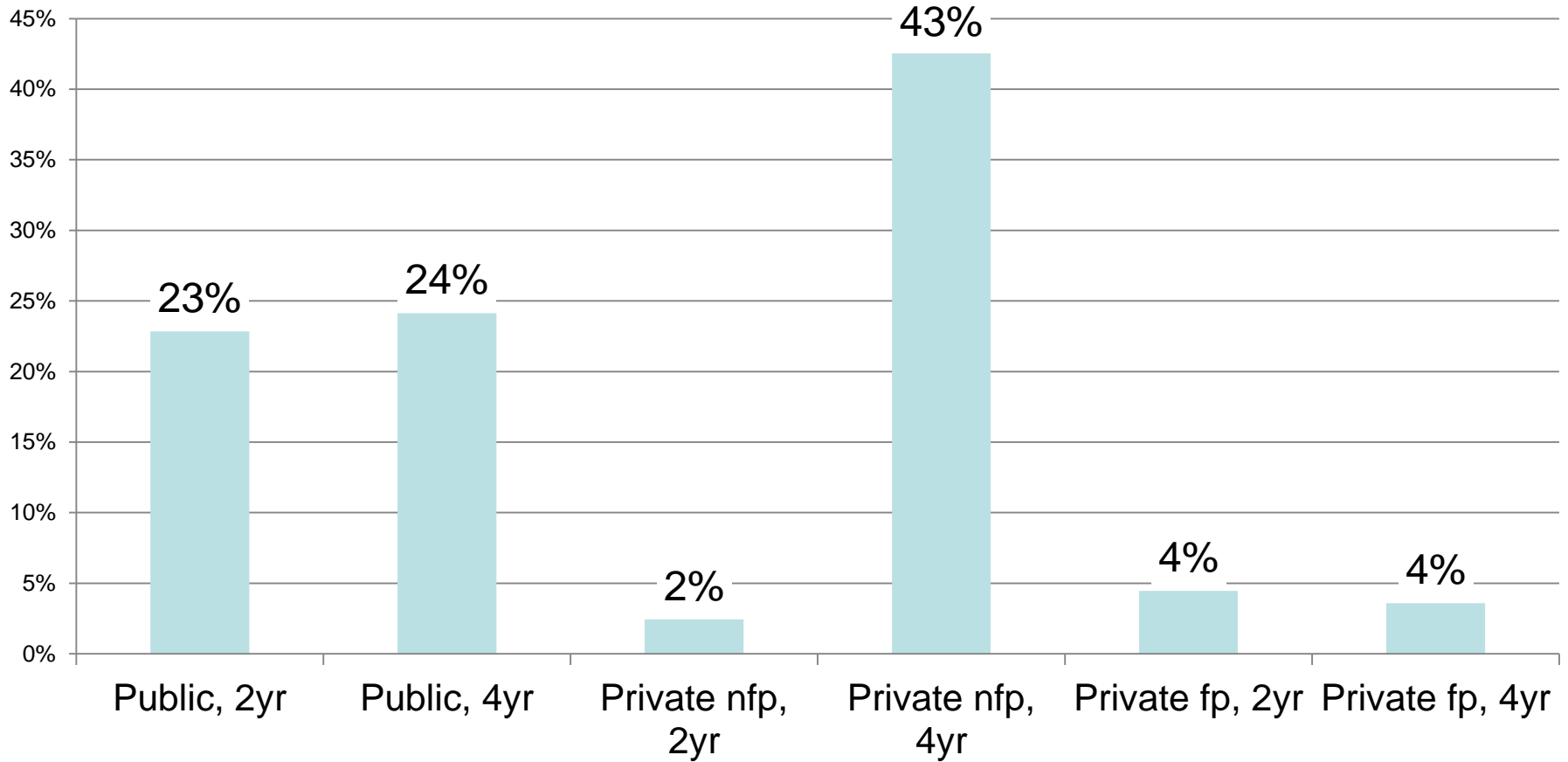
# Background

- Pell Grant
  - Times of Austerity and Budget Cuts
    - Savings Proposals
- Focus on AGI
  - Income Tax
  - AGI and Needs Analysis
    - Negative and Significantly Reduce

# Research Questions

- How prevalent is negative or significantly reduced AGI in producing Pell Grant eligibility at institutions?
- What do institutions do when institutions encounter a negative or significantly reduced AGI?

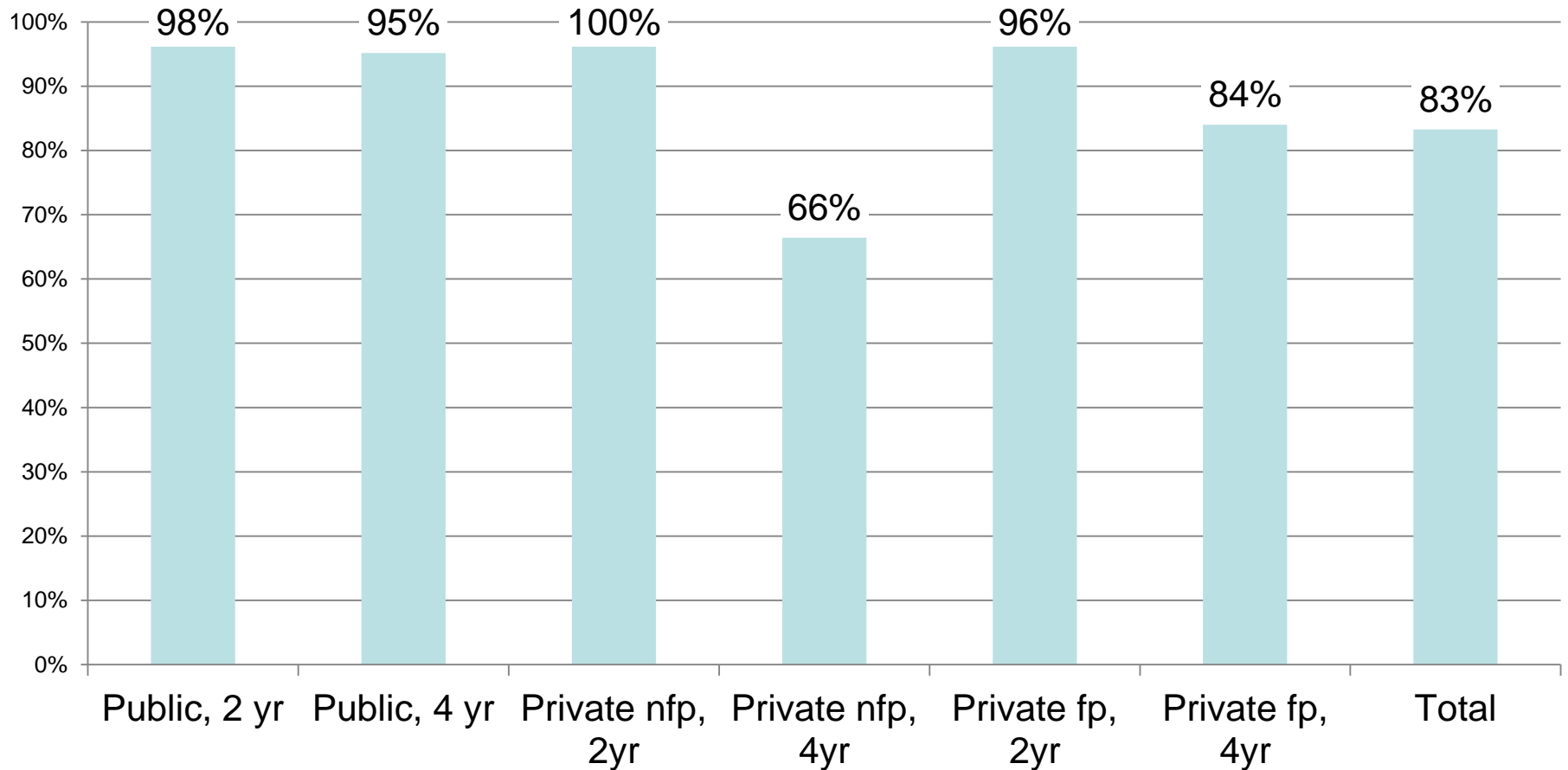
# Responding Population



# Federal v. Institutional Methodology

- Federal Methodology (FM)
- Institutional Methodology (IM)

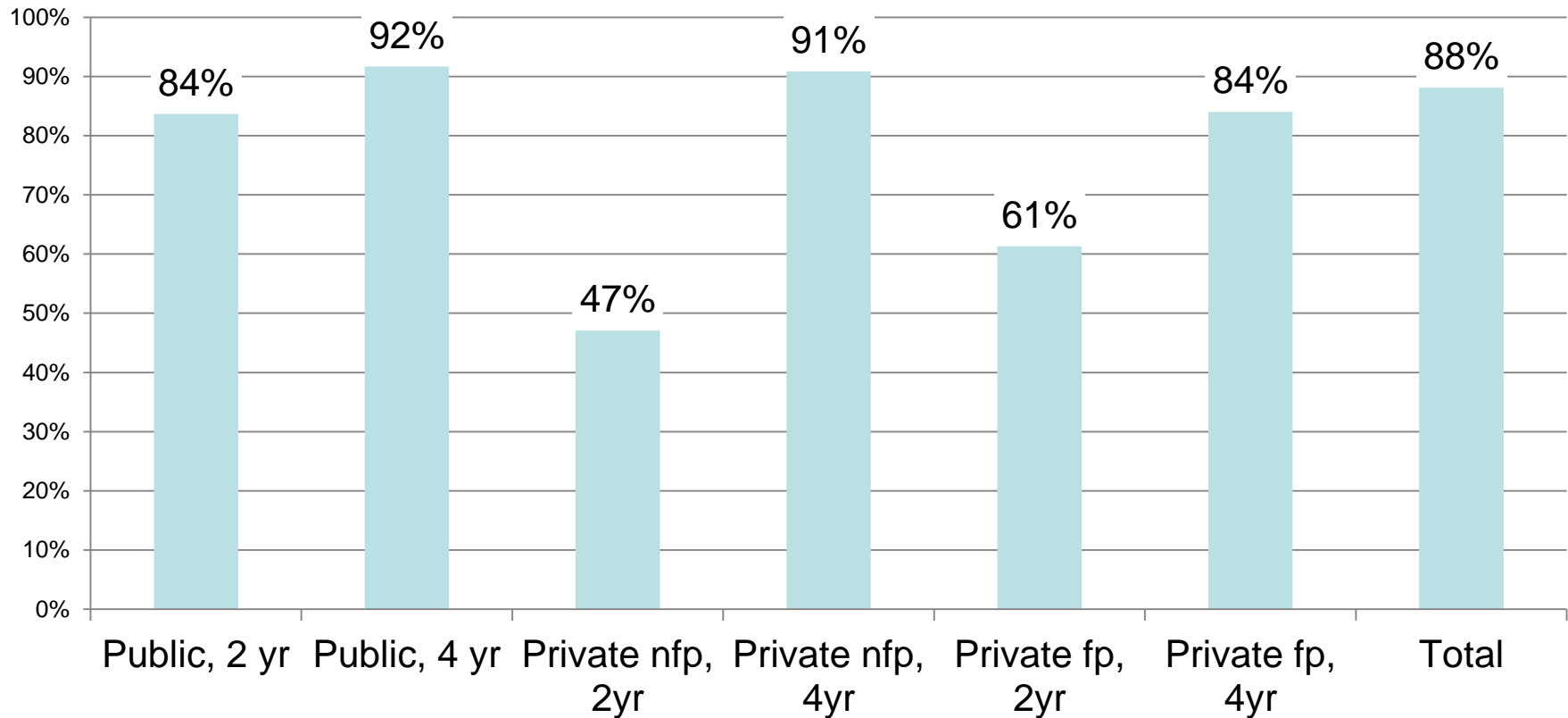
# Distributions of Respondents: Federal Methodology Institutions Only



# Research Question #1

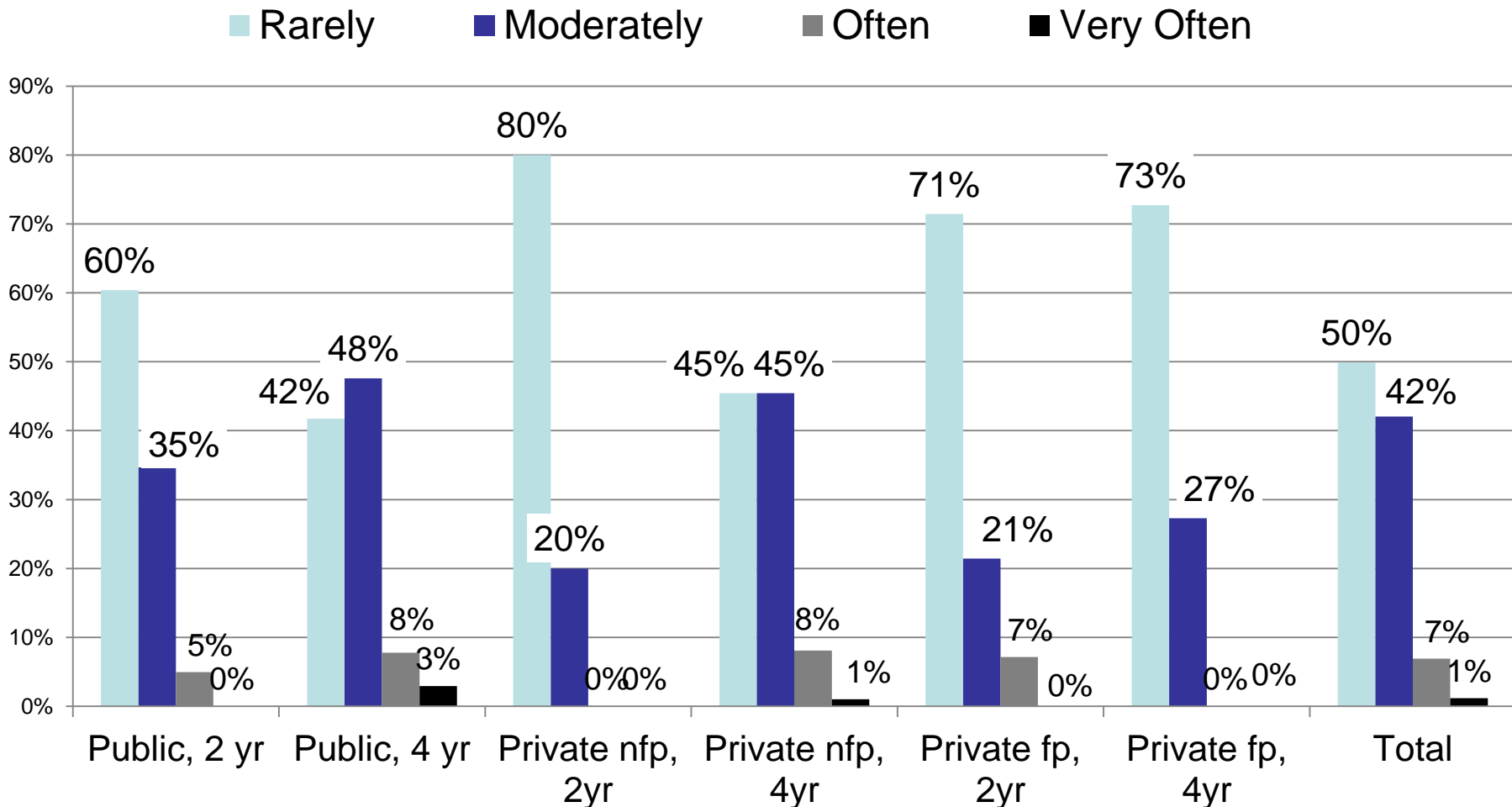
- How prevalent is negative or significantly reduced AGI in producing Pell Grant eligibility at institutions?

# Within the past 5 years, has your office or staff seen any negative AGIs or significantly reduced AGIs used to calculate EFCs?





# If so, how often would you say this situation occurs each award year?



# Research Question #2

- What do institutions do when institutions encounter a negative or significantly reduced AGI?

What is the institutional procedure when addressing students who have a negative AGI or significantly reduced AGI from reported wages?

# Accept Standard FM Procedures

- “We feel we must let it stand since it is allowable. We have received push-back from parents who have contacted the FAFSA help line and were assured that this is the right way to report and be analyzed.” – FM only
- “Not much that can be done. Even if selected for verification, because of the tax loopholes and the way the FAFSA questions are asked, they qualify for the Pell Grant.” – FM only

# Perform Further Verification

“Select for verification but no adjustments made if negative or reduced AGI is due to losses legitimately allowed on taxes.”

– FM only

“We would choose them for verification. If data are correct, we leave it alone for FM purposes. We reduce our institutional aid based on parent wages, not AGI.”

– FM only

# Gather Detailed Tax Information

“We generally ask to review the tax returns to determine the source of the loss. For IM need calculation, we add back the loss to preserve institutional grant. In most cases, there is nothing we can do to prevent the applicant from receiving a Pell Grant.”

– Both IM & FM

# Discussion

- Summary of Findings
- Implications
- Next steps



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