

# Negative SAI

Definitions and Discussion for State Financial Aid Leaders

# Session Goals

- 1) Define the SAI, negative SAI, and unpack the current guidance ED has provided to institutions.
- 2) Together and in small groups, discuss the opportunities and challenges that the negative SAI presents for states.

# The Student Aid Index

Expected Family Contribution (EFC) → Student Aid Index (SAI)

- **More accurate**
- **Less likely to alienate applicants**
- **Promotes enrollment and persistence**

The Student Aid Index provides a *relative indicator* of student financial resources that can be used to distribute scarce resources.

# What is Negative SAI?

## FORMULA

$$(\text{Income}) + (\text{Assets}) - (\text{Allowances}) = (\text{Adjusted Available Income}) \times (\%)$$

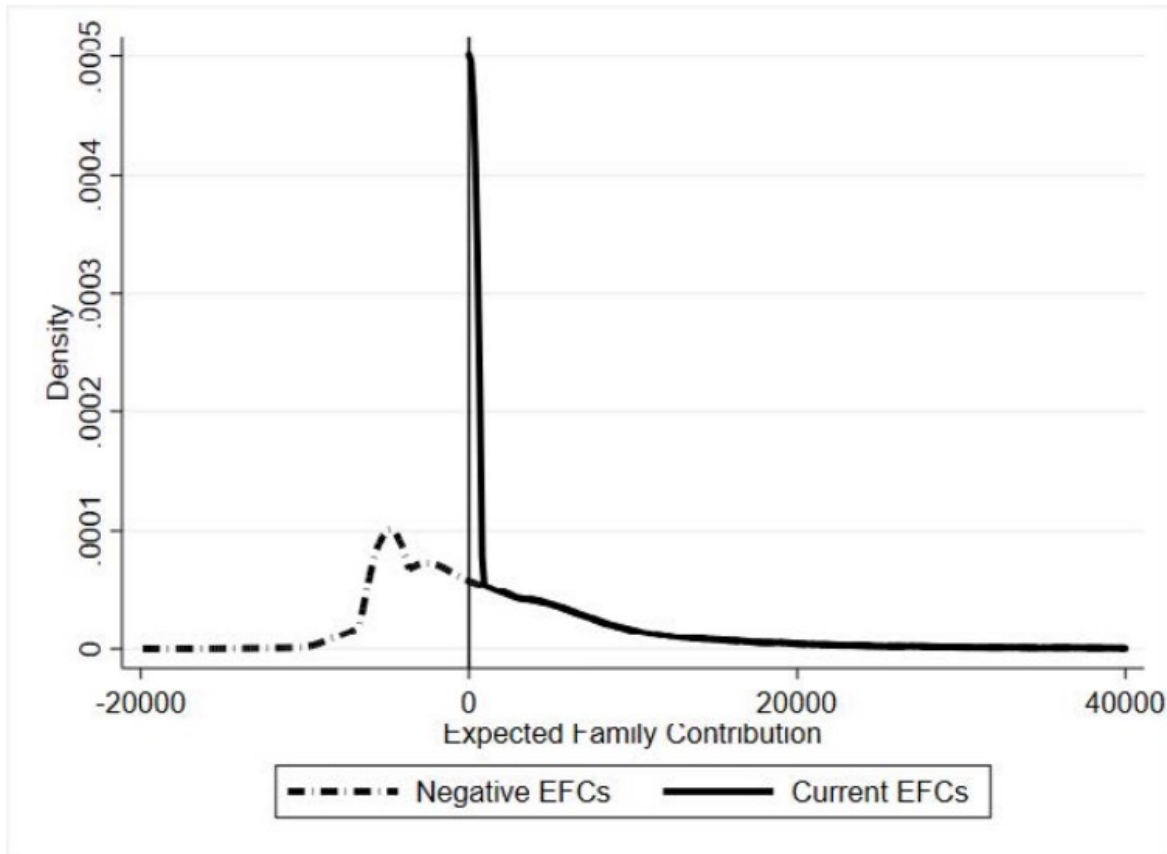
## CURRENT

$$(\$40,000) + (\$1,000) - (\$44,000) = \text{\textcancel{\$3,000}} \times (22\%) = \text{\textcancel{\$660}} \text{ (truncate)} = \$0$$

## NEW

$$(\$40,000) + (\$1,000) - (\$44,000) = -\$3,000 \times (22\%) = \text{\textbf{-\$660}}$$

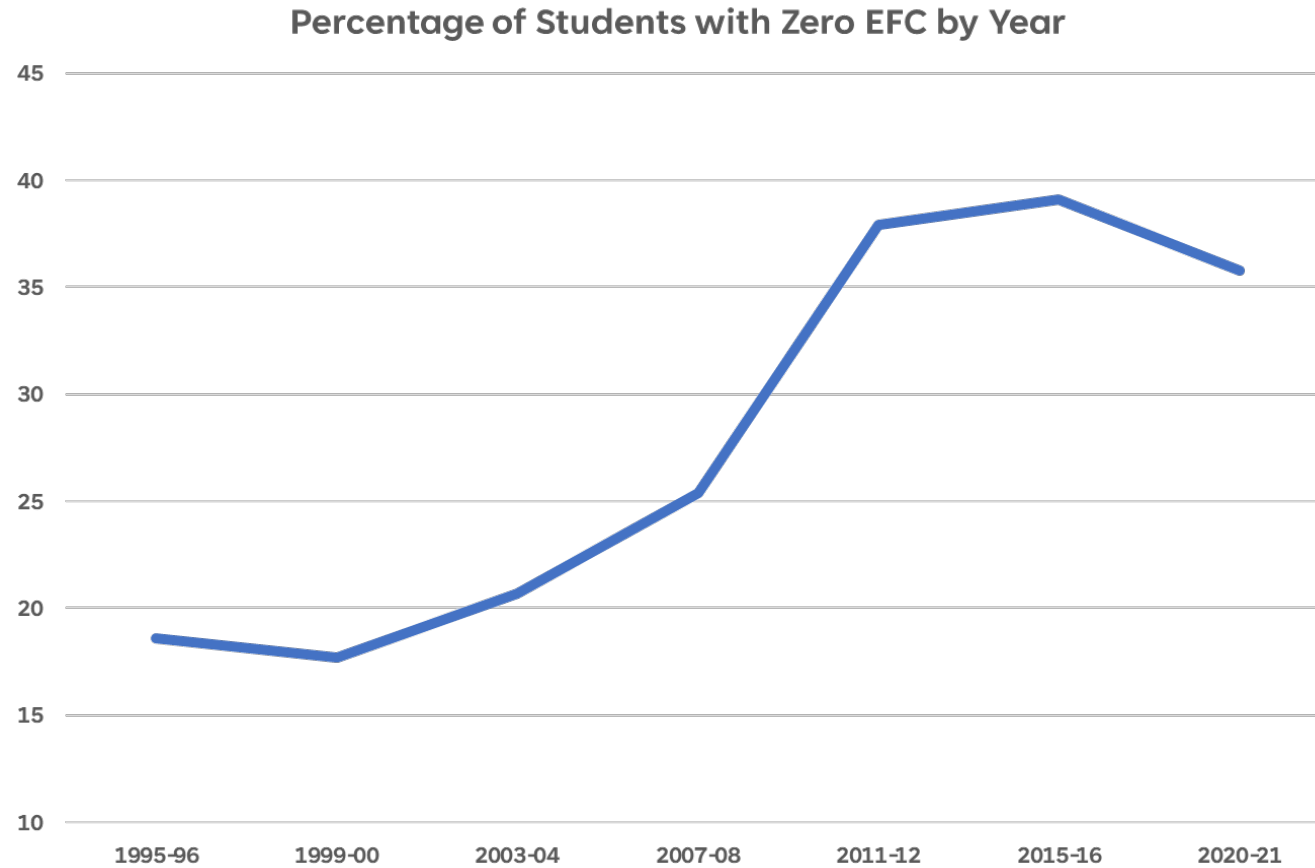
# What is Negative SAI?



Kelchen (2020)

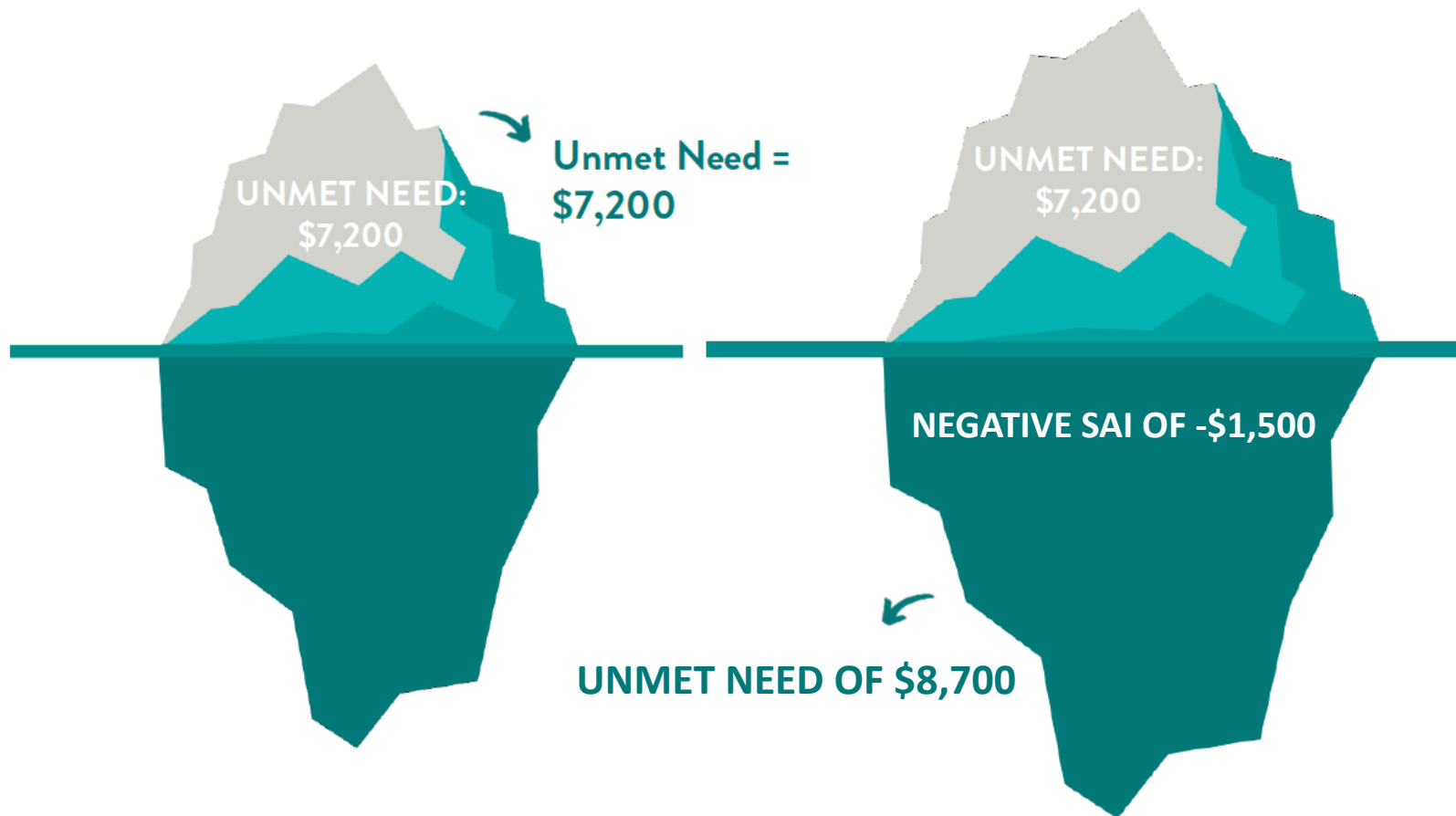
Income protection allowance Single independent students	
Family size	Amount
1 (solo)	\$14,630
2 (has child)	\$43,920
3	\$54,690
4	\$67,520
5	\$79,680
6	\$93,180
Each additional	\$10,530

# What is Negative SAI?



Source: National Postsecondary Student Aid Study (NPSAS)

# What could be some benefits of using negative SAI?



# What could be some benefits of using negative SAI?

- Measurement of equity
- Greater ability to assist lowest income students
- Ability to target aid
- Agency to allocate scarce resources
- Direct students to public and tax benefits



# What does the guidance around negative SAI currently say?

Generally, that SAI is to be treated like EFC, and most current rules around calculation of need stay the same.

- Aid **CANNOT** exceed cost of attendance
- Aid **CAN** be targeted to students with lowest SAI (up to COA)
- Emergency aid is exempt

# What does the guidance around negative SAI currently say?

## *Treatment of Negative Student Aid Index (SAI)*

An applicant may receive a negative SAI as low as -1,500. When packaging students for need-based Title IV aid (Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and Direct Subsidized Loan programs), **convert any negative SAIs to a 0 SAI for awarding purposes.** For example, consider an applicant with a \$15,000 COA, a -500 SAI, and a \$7,395 Federal Pell Grant. When calculating remaining need for other need-based programs, the school will change the -500 to 0 in the need-based calculation referenced above. The student's remaining need will be \$7,605 ( $\$15,000 - 0 - \$7,395 = \$7,605$ ).

Note that a negative SAI converted to 0 will also not increase a student's eligibility for non-need-based aid.

# How can states lead on negative SAI?

Contextual considerations:

- Statutory and/or regulatory environments around state financial aid awarding
- Level of centralization or decentralization
- Funding levels
  - How much and what strategies are already in place to align the funding supply to demand

# How can states lead on negative SAI?

- For states that receive FAFSA data directly, think about ways to:
  - Use the data for agenda setting.
  - Use the data to disaggregate the current bunching of low-income students with an SAI of 0.
  - Think about ways to inform development and analysis for legislatively-mandated and other public-facing reports.
  - Inform state emergency aid program implementation.

# Small Group Discussions + Sharing

How has your state considered the implications of the negative SAI?

What would it look like to use it for awarding purposes? What would be some advantages or disadvantages to implementing the negative SAI for awarding?

Outside of awarding, what other possibilities exist for states to lead on implementation of the negative SAI?

# Want to talk more?

Bryce McKibben

[bryce.mckibben@temple.edu](mailto:bryce.mckibben@temple.edu)

Sarah Pingel

[sarah.pingel@nchems.org](mailto:sarah.pingel@nchems.org)