



FM and IM Differences—Data Elements Table 1

Federal Methodology (FAFSA)	Institutional Methodology (CSS/Financial Aid PROFILE®)	
Adjusted gross income	Wages	Medical expenses
Nontaxable income	Interest and dividend income	Private elementary/secondary school tuition for siblings
U.S. taxes paid	Business income (losses)	Cash, savings
Number in household	Rental income (losses)	Investment equity
Number of family members enrolled in college at least half-time	Nontaxable income (detail)	Home value and debt
Cash, savings	U.S. taxes paid, tax credits, itemized deductions	Business value and debt
Investment and other real estate net worth	Number in household (detail about family composition)	Real estate value and debt
Business net worth (if more than 100 FTE employees)	Number of family members enrolled in college at least half-time and year in school/where enrolled	Farm value and debt
Investment farm net worth	Child support paid	Noncustodial parent information
Child support paid (included in Worksheet C)		Parent assets held in siblings' names
		Student trusts

Major FM and IM Computational Differences Table 2

Federal Methodology	Institutional Methodology
Excludes assets if AGI < \$50,000 and Automatic 0 EFC if AGI < \$20,000 and } received means tested benefits	Considers income and assets for all families
No minimum student income contribution	Limits assessment on earnings of students from low-income families
No offsets for medical expenses or private school tuition	Offsets standard for unusually high medical expenses; available as an option for siblings' private school tuition
Lower allowance for income protection and employment expense; State tax table ignores sales tax and does not distinguish among income levels; based on IRS Schedule A data	Offsets based on Consumer Expenditure Survey data for income protection, employment expense, asset protection, and asset conversion; State tax table considers sales tax and distinguishes among income levels; based on data from Institute on Taxation and Economic Policy Offset against both income and assets to encourage college savings for younger siblings; Options available to adjust income protection and emergency reserve offsets for regional cost of living variances by zip code
Custodial parent and spouse are considered responsible for educational cost.	Option available to request noncustodial parent information and to adjust methodology to treat only the biological parents as "responsible" for educational cost
EFC divided equally among all children in college	IM recognizes family's sustained financial effort and prorates EFC based on number in college concurrently.
Student assets assessed at 20 percent per year	Student assets assessed at 25 percent; option to assess at parents' rate (5 percent)
Parents' assets held in siblings' name(s) excluded	Parents' assets held in siblings' name(s) included in parental assets
Home equity not considered	Reported home equity considered in net worth; several options available to compute and/or cap equity
Equity in family farm or businesses with fewer than 100 FTE employees not considered	Equity in any farm or business considered in net worth

A Tale of Two Families

FAFSA Data for Family 1 and 2

Student cash/investments	\$1,000
Student AGI	\$300
Parent AGI	\$25,000
Father's income from work	\$5,000
Mother's income from work	\$20,000
Nontaxed income	\$2,700
Parents' cash and savings	\$1,000

Additional PROFILE Information

	Family 1	Family 2
Nontaxed income	Disability \$1,200 EIC \$1,500 Rent payment \$800 Prior year income \$45,000	Tax-exempt interest \$2,700 Parent investment in sibling's name \$150,000 Business net worth \$200,000 Home value \$900,000 Home debt \$600,000 Mortgage payment \$3,600 Prior year income \$250,000
Special circumstances	Father is currently disabled	Father took an early retirement package and has begun his own consulting business out of his home.
Retirement resources	None for father; \$15,000 IRA for mother	Pension for mother; IRA total value \$600,000 for father
Occupations	Father: disabled steelworker, last worked June 2005; mother: school aide	Father: self-employed consultant; mother: lawyer

A Tale of Two Families—The Results!

	Family 1	Family 2
FM	\$645	\$645
IM	\$250	\$24,071
Fee-waiver designation	YES	NO